

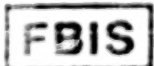
546-0698-87

118 pg  
262 cy

JPRS-SEA-87-006

13 JANUARY 1987

## Southeast Asia Report



FOREIGN BROADCAST INFORMATION SERVICE

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13 JANUARY 1987

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OFFICIAL, EDITORIAL CRITICISM AGAINST U.S.-IRAN ARMS SALE

Hayden Criticizes Arms Sales

Sydney THE AUSTRALIAN in English 27 Nov 86 p 7

[Article by Ross Peake]

[Text]

THE Minister for Foreign Affairs, Mr Hayden, was yesterday highly critical of the reported arms sales to Iran, pointing out that the United States had asked its allies not to deal with terrorists.

He told Parliament that reports of the US arms shipments, apparently made in return for US hostages, with the profits going to the Contra rebels, were disturbing and perplexing.

He said he was firm on his stand earlier this year that US aid to the right-wing Contras would not help a peaceful settlement in Nicaragua.

"They (the reports) are perplexing because it would seem that certain activity was under way without the authority or knowledge of the administration in the United States," he said.

"They are disturbing for the very reason that ... namely the United States has taken a consistently firm

attitude towards terrorism and has advised its friends and allies that they too should take an unrelenting position against any terrorist activity. There should be no concessions.

"It would be most unfortunate therefore if these latest reports were to be interpreted by those with a propensity, or potentially with such a propensity, towards terrorism, as an indication that terrorism can be rewarded, that hostage-taking can bring a profit.

"That would certainly, I believe, not be the intention of the United States administration but there you have the facts as they are being reported currently and they are perplexing and disturbing.

"In a statement earlier this year I indicated that United States aid to the Contras would do nothing to promote a peaceful settlement of Central America's problems.

"I stand firmly by that statement.

"I also reaffirmed Australia's commitment to the role of the International Court in settling international disputes and the observance of international law.

"Australia's views have since been reflected in Australia's vote in the Security Council and the General Assembly.

"The Government believes that countries of the region have the right to conduct their affairs without foreign interference and that the best hope for peace in the region lies in diplomatic negotiations rather than military action."

Mr Hayden said people were dying in the guerilla wars, human-rights abuses were at unacceptable levels, and the economic costs were crippling.

"In all of the circumstances these latest developments are most unfortunate."

AUSTRALIAN Cites 'Abrogation of Principles'

Sydney THE AUSTRALIAN in English 27 Nov 86 p 10

[Editorial: "Iran Fiasco: U.S. Credibility at Stake"]

[Text]

THE resignation of Admiral John Poindexter as the United States National Security Adviser and the sacking of Lieutenant Colonel Oliver North, also of the National Security

Council, are the latest moves in an increasingly desperate program of damage control by the Reagan administration.

The crisis over the Iranian arms deal is the most serious to have afflicted the American administration since President Reagan was elected in 1980. It could do to the President's reputation what the Iranian hostage crisis did to President Carter's.

Moreover, it is a particularly damaging episode because it embodies not only a great deal of incompetence and clumsiness, but an abrogation of principles, the espousal of which was the reason so many people in America and around the world supported President Reagan in the first place.

A constant theme of Mr Reagan's political career has been to restore American power and standing in the world. The dark days of what were perceived as weakness and helplessness under President Carter were to be replaced by an America fully recovered from the self-doubt of the post-Vietnam era, and ready once more to act as the leader of the free world.

Several key strands of foreign policy were clearly a consequence of this new nationalism. There would be no one-sided detente with the Soviet Union. Arms-control agreements would only be signed if they did not weaken America's position vis-a-vis the Soviets. America would truly lead the Western alliance and Western solidarity would be promoted by America's actions and words. Terrorists who threatened and harmed American citizens could be sure of retaliation. There would be no bargaining with terrorists and all of America's allies would be exhorted to join the fight against terrorism.

Unfortunately, in the Iranian arms episode the Reagan administration has breached its own principles, and done so in such a ham-fisted way that it will gain no practical benefit from this breach of principle.

## Motivation

First, it is clear that at least part of the motivation for America's sending

arms to Iran was that it hoped that this would encourage Iran to use its influence with terrorist groups holding American hostages to have them released. The White House explanation that this was merely a side-light to a more general attempt to regain some American influence with an allegedly moderate faction within the Iranian Government just does not wash. The competence of officials who believe that they can buy off fanatical regimes such as the Iranian one must be open to some question.

However, as many American critics have pointed out, whatever the fine distinctions the American administration was making to itself, the objective consequence of its actions was inevitably to demonstrate to terrorists around the world that taking American hostages could secure some leverage with the American Government.

Thus the principle of not negotiating with terrorists, and not buying the release of hostages, was abrogated.

More generally, most Middle East analysts accept that Iran remains a principal sponsor of terrorism through its involvement with the Hezbollah and Islamic Holy War groups based in Lebanon. The United States was demanding of its allies that they refuse to sell arms to the pro-terrorist Government of Iran while at the same time selling arms to Iran itself. Thus another vital principle, that of Western solidarity, which the Reagan administration had laboured so hard to establish, was also abrogated.

It is unlikely that the revelations in this bizarre affair are finished. The full role of Israel, the way money from the deal found its way into bank accounts of the anti-Sandinista Contra rebel group, the apparent failure of the administration to fulfil all of its obligations to keep congressional leaders properly informed, and the question of whether any of the administration's actions transgressed any American laws, are obvious areas of likely further revelation and controversy.

The administration will try to put the episode behind it as soon as possible. Two years of President

Reagan's term remain and the incident could seriously destabilise the administration, with serious repercussions for world stability.

## Lessons

It may be that further resignations and sackings will be necessary. Mr Reagan should not shirk from this, nor should he fail to learn the lessons that the arms incident, and the poor subsequent political management of it, hold.

It would be unfortunate if Mr Shultz were to depart as Secretary of State. He opposed the operation in the first place. Moreover, while some replacements at the highest level may be necessary, so is some continuity and stability. In his four years as Secretary of State Mr Shultz's immensely calm, some might say lugubrious, manner, has been a rock of stability within the administration.

Mr Reagan should perhaps return to some of his former, more ideological advisers. It is unlikely, for example, that Mrs Jeane Kirkpatrick, had she been National Security Adviser, would have stood for this type of operation.

Indeed it is Mr Reagan's non-ideological advisers who seem to be getting him into most trouble. The first Reagan administration staff, headed by Messrs Baker, Meese and Deaver, was a nice blend of ideological commitment and technical competence. The present White House staff, with Mr Donald Regan as a kind of prime minister, is much less effective.

America is the only superpower the free world has. Its immersion in internal crisis puts the security of all members of the Western alliance at risk. It must act quickly to put this crisis behind it and appoint people to key positions whose commitment to certain principles of behaviour is unequivocal.

America is also the moral leader of the free world. Its behaviour tends to determine the parameters of what other countries come to regard as acceptable behaviour. As such it has a profound moral responsibility to behave honestly and ethically. In this incident it has done neither and must now work to repair the substantial damage it has done to the standing of the Western alliance throughout the world.

AGE: 'Desperate, Deserved Trouble'

Melbourne THE AGE in English 28 Nov 86 p 13

[Editorial: "Crisis in the White House"]

[Text]

**T**HE Reagan White House is in desperate, and deserved, trouble. What had been for the best part of six years the most popular American presidency of recent times is today confronted by the gravest crisis since Watergate undid Richard Nixon. At least in the area of foreign policy, the Reagan administration has — as the Americans say — "unravelled", leaving the American people and their allies bewildered and deeply troubled. The story that has painfully emerged over recent days is barely credible: not only has a US Government which had lectured the world on the wickedness of doing business with governments that aided terrorists confessed that it had itself been involved

in supplying arms to Iran, which is just such a government, but it has now been revealed that part of the proceeds from those clandestine arms deals had been siphoned off illegally to finance Contra guerillas in Nicaragua. Every day produces new and bizarre details, ranging from the involvement of Israel and a Saudi businessman in the transaction with Iran to the revelation that all this was plotted by members of the President's own National Security Council staff either against the advice, or without the knowledge, of the US State Department.

Mr Reagan has reacted to the crisis with defensive dither. Having at first maintained that there was absolutely nothing for which to apologise,



he has now admitted that he was not fully informed, sacked the lieutenant-colonel who has been identified as the Rambo in the White House cellar, allowed his national security adviser, Vice-Admiral Poindexter, to resign, appointed a commission of notables to investigate the role of the NSC, and retired hurt to his Californian ranch to address himself to a Thanksgiving Day turkey. He is going to have to do a good deal more if the deep unease now felt across America and around the world is to be calmed. For a start, Mr Reagan needs to admit, publicly and frankly, that the whole caper was a ghastly mistake, involving political and moral misjudgments for which his most senior advisers, and ultimately the President himself, must accept responsibility. Ignorance of what gung-ho subordinates were up to — even if such ignorance can be proved — is not a defence, but a confession of culpable neglect by those who approved the appointment of such subordinates and then failed to control them.

Paradoxically, Mr Reagan seems to have been undone by what have been seen as two of his virtues as a man and as an executive. One is his loyalty to his friends and aides; the other is his readiness to delegate authority. Unfortunately, these strengths become weaknesses when he appoints the wrong people to senior positions in his administration. This has happened a number of times during his presidency, with Mr Reagan staunchly defending officials long after they had become liabilities as a result of wrongdoing, incompetence or bad political judgment. During his first, remarkably successful four-year term, however, Mr Reagan kept out of serious trouble largely because his key aides — and

most notably his then chief of staff, Mr James Baker — were first-rate administrators and politically astute. His luck began to change when Mr Baker, exhausted by four years at the White House, swapped jobs with the then Treasury secretary, Mr Donald Regan. As chief of staff for the past two years, Mr Regan has demonstrated none of Mr Baker's understanding of Congress and the wider electorate, let alone of foreign policy. In this latter area, Mr Regan's deficiencies have probably been reinforced by the fact that the last two national security advisers, Mr Robert McFarlane and Vice-Admiral Poindexter, have been career military men with only limited experience of, or sympathy for, the necessities of politics or the subtleties of international relations.

Reports from Washington suggest that Mr Reagan may not, and should not, survive this crisis. It is never wise, however, to underestimate the President's stubbornness. Indeed, there is reason to fear that if there is to be a casualty at the top, it could be the Secretary of State, Mr Shultz, who is said to have angered Mrs Nancy Reagan by publicly voicing his disagreement with the White House over the Iran arms deal. Mr Reagan would not be the first President to equate honesty on the part of a Cabinet official with disloyalty. What is clear is that this drama has not yet played its course. Quite apart from the postmortems that the President and his Attorney-General, Mr Ed Meese, have set in train, Congress will certainly conduct its own inquiries into the fiasco. The world can only watch and worry as America's oldest leader — his credibility seriously damaged — limps unsteadily into the last two lame-duck years of his presidency.

### Policy 'Fundamentally Misconceived'

Sydney THE SYDNEY MORNING HERALD in English 27 Nov 86 p 14

[Editorial: 'U.S. Foreign Policy in Crisis']

[Text]

THE BASEMENT of the White House is finally being cleaned out, and by none other than Mr Reagan. The resignations of Admiral Poindexter, National Security Adviser, and Lt. Col. Oliver North, a senior member of the National Security Council (NSC) staff, are a good beginning. But much more remains to be done; other

heads may yet roll. And the cause of their departure — the stunning revelation that a portion of the \$30 million gained from covert arms sales to Iran was secretly diverted to the Nicaraguan *contras* — can only deepen the profound foreign policy crisis precipitated by the exposure of the 18-month-old covert US policy towards Iran.



Unless the President authorised the probably illegal transfer of up to \$30 million to the *contras*, which seems unlikely, the next figure under suspicion must be the White House Chief of Staff, Donald Regan. That makes this affair easily the most serious crisis of the Reagan Administration. Normally, the term "the Reagan Administration" could be precisely and confidently used to denote the President *and his advisers*. But with two key advisers having resigned, one perhaps facing legal charges, and a third under a cloud, Mr Reagan looks increasingly naked — especially when the task before him is nothing less than the vindication of his hugely popular and hugely lucky presidency.

In his two final years, Mr Reagan must seek to control the domestic agenda in the face of Democratic control of both houses in Congress, while trying to infuse US foreign policy with genuine strategic depth and restoring real political control over its tactics and implementation. Ideally, he could only consummate this complex task by centralising power, reversing the very loose, delegated decision-making style he has evolved over six years. What is more likely is that the pronounced presidential bias in American political culture will come to his rescue. Even his leading Democratic critics, fearful of the actual and potential damage the present crisis is inflicting on the international standing of the US and the entire Western alliance, will want to see the crisis resolved and the President's credibility restored as quickly as possible.

Still, reconstructing the Reagan Administration will be a very delicate operation. Even if Mr Reagan quickly finds a congenial successor to Admiral Poindexter, someone with a substantial record in the making and conduct of foreign policy, the relationship between that successor and Mr Shultz will have to be very clearly understood. Unless a real guru such as Dr Kissinger joins the Reagan team at this late hour, Mr Shultz remains the best person to run US foreign policy. Having endured for too long a partial takeover of US foreign policy by the White House staff, then having adopted an ungainly posture of open dissent from the President's covert Iranian policy, Mr Shultz now has what he wanted: control over US policy towards Iran and, presumably, foreign policy in general. Yet his standing with some Cabinet colleagues, especially Mr Meese, seems low, and some reports say Mr Shultz could still resign — if he has not already tendered his resignation.

Predictably, Mr Reagan refused to sacrifice any close advisers in a manner which implied that his covert Iranian policy was fundamentally misconceived. Then, the unmasking of a glaring impropriety in the conduct of that policy served as his pretext for a double sacrifice. It must have seemed like yet another lucky break. But it immediately exposed Mr Reagan's neglect of the NSC, thus deepening the Administration's crisis and handing to Mr Shultz an even bigger rescue operation on behalf of his President.

## ADB LOAN FOR IRRIGATION PROJECTS

Jakarta BUSINESS NEWS in English 3 Dec 86 pp 11, 12

[Text] The Asian Development Bank recently approved a \$120.7 million loan from its ordinary capital resources for the Third Irrigation Package Project in Indonesia.

The objectives of the Project are to improve farm productivity, employment, income and living conditions in one of the least-developed areas of Indonesia. These aims are consistent with the current agricultural development goals of the Government.

Efforts of the Government during the past Five-Year Development Plans (Repelita I to III (1969/70-1983/84)) have reduced rice import requirements, particularly in recent years. The focus of the ongoing Repelita IV (1984/85-1988/89) is to consolidate these gains and broaden the agricultural production base, create rural employment opportunities, and enhance balanced regional development.

The Project approved by the Bank today supports the goals of Repelita IV, and consists of three irrigation schemes with service areas totalling 28,740 hectares in these areas: Baro Raya (18,000 hectares) in Aceh, South Lakbok (4,970 hectares) in West Java, and Mamak (5,770 hectares) in West Nusa Tenggara. All three areas have lagged behind the main stream of the country's economic development.

In the absence of proper infrastructure (e.g., irrigation drainage, flood-control works, roads) and adequate agricultural support services, crop productivity has remained low. The Project thus aims at transforming traditional rainfed paddy farming to irrigated, diversified cropping, and currently, at increasing farm income and improving the community environment.

The major components of the Project are: irrigation/drainage facilities and related rural infrastructure including flood mitigation works and roads (Part A); measures to improve agricultural support services and facilities (Part B); and services for land reclassification and reassessment (Part C). The Project also provides for equipment and consulting services. The project will be implemented by the Directorate General of Water Resources Development (DGWRD) for Part A, the Directorate General of Food Crops

Agriculture (DGPCA) for Part B, and the Directorate of IPEDA (DO-IPEDA) for Part C. The implementation is scheduled to commence at the beginning of the 1987 dry season and will require a period of 5.5 years.

When completed, the project will directly benefit an estimated 38,700 farm families with a population of around 213,000, the majority of whom are low-income farmers. Employment opportunities during the construction phase are estimated at 1,200 man-years and at full development a total of 19,300 man-years per annum of employment will be generated.

Moreover, at full development annual incremental crop production is projected at 94,600 metric tons (mt) of paddy, 14,500 mt of soybean, 6,600 mt of mung-bean, and 2,600 mt of groundnuts, with a total gross value of US\$18.5 million. The incremental production will be achieved through a combination of an increase in crop yield and an increase in crop intensity.

The total cost of the project is estimated at US\$140.1 million. The Bank's loan will finance US\$68.4 million of the foreign exchange and US\$43.6 million of the local currency cost. In addition, the Bank's loan induces refinancing of two previous technical assistance loans amounting to US\$8.7 million.

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PAPER ANALYZES DROP IN INVESTMENT

Jakarta BUSINESS NEWS in English 10 Dec 86 pp 3, 4

[Editorial: "The Declining Private Investments"]

[Text] "There will be no sharp investment increases in Indonesia in the remaining years of the Fourth Five-Year Plan, though the tendency towards improvements in capital investments may still be maintained within two years". This was recently stated by the Chairman of BKPM (Investment Coordinating Board), Junior Minister Ginanjar Kartasasmita.

A frank statement by a minister at present constitutes fresh air that rarely blows in. This is understandable, as the climate of "pleasing the superior" can still affect even high ranking officials. Minister Ginanjar's statement before Parliament last week made no attempt to make up the appearance (of foreign and domestic investments) which has been rather gloomy since the start of the Fourth Five-Year Plan. The awareness of this reality should be accompanied by an all-out effort to improve the situation.

Foreign investments (PMA) and domestic investments (PMDN) cannot just be stimulated with incentives and services offered by BKPM. Even (tax) incentives can no longer be provided to a high extent since the abolition of tax holidays by the new tax law. The incentives that can still be given are import duty exemptions/reductions for capital goods. Several terms of entry for PMA have been relaxed. So the other incentives that can be offered by BKPM are quality services, especially to PMA. Quality here means promptness and responsiveness, as well as physical help (coping with difficulties) and moral support (accessibility of key officials to discuss difficulties).

The flow of PMA is indeed declining as a regional and trade-cycle phenomenon in Indonesia. This was also explained by the Chairman of BKPM.

Twenty years ago a lot of foreign investments entered the country, particularly in the field of industry, because they were attracted by the vast domestic market. Industrial growth during three five-year plan periods was around 12-14 percent per annum, as against the present rate of at most 6-8 percent annually.

The government today is not so well reputed among foreign investors because of the very frequent and major devaluations. They are fond of reminding that

since the outset of the New Order, four devaluations have been put to force viz. in 1971, 1978, 1983 and 1986. Hence many investors are worried about more such measures to come. For foreign investors, especially the Japanese, the series of rupiah devaluations constitute a mishap because the profit, which in terms of the rupiah registers a small increase after any devaluation, becomes even smaller in the yen currency. Thus the rate of return or investment income has suffered a major setback over the decade, so that bigger amounts of profit must be derived from the sales of services, for instance in the form of royalties and commissions for the purchase of basic materials, and so forth.

Japanese PMA "flooded" Indonesia in the past, not only to establish factories behind high protection walls, but also to safeguard the supply of raw materials.

At present industrialised countries are no longer worried about the lack of basic/raw materials supplied by the developing nations. Technological progress has reduced this dependence.

How about the US and Europe as investors in the developing countries? The US continues to occupy a very important position, but this is limited to the oil/gas sector, and the field of mining. However, the trade cycle in the mining area has for a long time been most unfavourable. Europe was originally more oriented to Africa and Latin America. The power of attraction of these two continents has considerably declined, so that Europe's interest in Southeast Asia seems to increase slightly. But the PRC now offers great appeal. The PRC can now be likened to Indonesia 20 years ago. So within the next ten years this attraction will also slacken if the market becomes saturated and bureaucracy gets troublesome.

Meanwhile two countries in East Asia are going to become new capital exporters, namely Taiwan and South Korea. Hence Indonesia's hard work, including that of its BKPM, to attract them may be fruitful.

International investors especially Japan in the meantime regards Thailand as having the most attractive investment climate among ASEAN countries because its terms of entry are soft and government interventions less. The baht is more stable than the rupiah, pesos or ringgit, and is not overvalued so that its exports make progress by around 17-18 percent per annum. Indonesia should thus be compete with Thailand in the promotion of PMA.  
[sentence as published]

The flow of PMDN in Indonesia is (far) more stable than that of PMA. But this flow of PMDN has also dropped considerably since 1983.

Hence the general conclusion is that investments will only increase if the prospect of economic growth improves. The government cannot create this by magic. So any marginal improvement in the investment climate is already sufficient.

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CSO: 4200/225

## TRADE PROTOCOL WITH BULGARIA SIGNED

Jakarta ANTARA NEWS BULLETIN in English 1 Dec 86 pp A4, A5

[Text] Sofia, December 1 (ANTARA)--The Indonesian and Bulgarian governments November 25 signed a trade protocol in Sofia, Bulgaria, respectively by Indonesian Trade Minister Rachmat Saleh and his Bulgarian counterpart Hristo Hristov.

Trade Minister Rachmat Saleh visited Bulgaria from November 23 through 26 at the invitation of Minister Hristo Hristov and this visit was a follow-up in the framework of stepping up of non-oil/gas exports from Indonesia to Bulgaria in particular and to East Europe in general.

The eight-point trade protocol among other things mentioned that the trade value between the two countries is projected to reach a target of US\$40 million by 1989 with the import value equal to the export value. Payments will be carried out in free convertible currencies.

The protocol will have no influence on the rights of exporters/importers of both countries to conclude trade agreements outside the scope of the protocol.

Indonesia will sell nine commodity groups, while Bulgaria 12.

Among the Indonesian commodities to be exported to Bulgaria are coffee, tea, natural rubber, tin, wood products, palm-oil, textiles and garments, spices, chemicals and essential oils.

Bulgaria on the other hand will sell to Indonesia among other things machinery, electrical goods, agricultural machinery, fertilizer, chemicals, pharmaceutical products, hoisting and handling devices and other commodities.

The Indonesian trade minister's party consisted of two groups, i.e. a ten-member official delegation and 19-member entrepreneur group.

### Results of Trade Negotiations

Negotiations between entrepreneurs in the trade minister's party and their Bulgarian counterparts had brought favourable results.

They were optimistic that the target mentioned in the protocol on trade could be achieved.

A member of the Indonesian textile association said that from textiles alone one-third of the target could be reached.

The Indonesian trade minister's visit to Bulgaria was clearly another step forward in Indonesian-Bulgarian economic and trade relations.

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SUBROTO ON COAL EXPORTS, CONSUMPTION

Jakarta ANTARA NEWS BULLETIN in English 2 Dec 86 p A11

[Text] Jakarta, December 2 (ANTARA)--Mining and Energy Minister Subroto has pointed out that at the end of the 1980s, Indonesia would be the only country among the ASEAN countries capable of exporting coal.

Speaking before the V-th annual meeting of Perum Tambang Batubara (Coal Mining Company) contractors here Tuesday, Minister Subroto went on to say, the demand for coal in ASEAN countries in 1990 are estimated to reach 27 million tons per year and this quantity will further increase to 35 to 48 million tons in 1995.

He further said, based on exploration results at the end of 1985, Indonesia has coal reserves estimated at 23 billion tons, of which 18 billion tons are in the form of lignite.

Out of that total, he said, 3.5 billion tons are classified as demonstrated and inferred resources, while proven reserves amounted to about 1.5 billion tons, mostly consisting of medium grade hard black sub-bituminous coal.

In another part of his address Minister Subroto said, the use of coal as energy source in Indonesia will continue to increase in future, mainly as energy source for electricity generating and in cement factories.

Coal consumption by electricity powerplants and cement factories, he went on, reached 1.38 million tons and 690,000 tons respectively in 1985. Consumption by powerplants will increase to 5 million tons per year in 1990 and more than 8 million tons per year in 1995, while cement plants will need 2.6 million tons per year in 1990, and 3.7 million tons in 1995.

According to Subroto, the two state-owned coal mines Ombilin and Bukit Asam will ultimately have an annual production capacity of around 4.5 million tons only by 1990, so that Indonesia has still to import some of its coal needs probably until 1988/1989.

The director of Perum Tambang Batubara, Achmad Prijono, pointed out that Indonesia's current coal production was 2 million tons per year which would be steadily increased by 25-30 per cent in the coming years.

Indonesia's current coal export reaches one million tons per year, mainly to Japan, South Korea and Thailand.



IMPLEMENTATION OF NEW TAX LAW VIEWED

Jakarta BUSINESS NEWS in English 3 Dec 86 p 2

[Editorial: "Implementation of the New Tax Law"]

[Text]

We can sympathize with Director General of Taxation Salamun A.T., who has to collect the biggest possible amount of tax under this very difficult economic condition in order to compensate for the reduction of tax receipts from the oil/gas sector. Still, the instruments he has to apply in this effort — i.e. the new tax law, the value added tax (PPN) law and the tax on land and buildings — are all new and create a great deal of doubt in society.

The most successful of the three new instruments is the PPN law because its application is relatively simplest. On the other hand, it should also be questioned how far its imposition is fair and can smoothen economic activities. In the case of the income tax (PPh) and the tax on land and buildings (PBB) the implementation is not simple. In the former it is because the principles used and the method of approach are completely new, and in the latter because the rates are far higher than the previous Ipeda (regional development contributions) so that consistent application of this law will create many difficulties.

Especially with regard to PPh the principle now used is self-assessment, in which taxpayers are required to calculate themselves the amounts of tax they have to pay. In this new system taxpayers are thus completely have no contact with

tax officers. These officers will only contact them if there is evidence that the taxpayers concerned fail to report truthfully. Such evidence and information must be sought and found out by tax officers themselves, for instance from evidence on the purchase of hectares of land not included in tax returns (SPT), and other data. What is now topical is e.g. the receipt of SE (export certificates) excluded from SPT and therefore is categorized as a tax smuggling attempt.

The system now in force is far different from the old one, in which taxes are determined by tax agencies. Under the old system there used to be a bargaining between taxpayers and tax officers, and it is just in this process deviations would take place, meaning the loss of billions of rupiahs of tax receipts from the state treasury. Taxpayers and tax officers agreed to lower the tax to be paid by the former, but a fairly big portion of the amount went into the pockets of the latter. And indeed there was suspicion that the tax was at first fixed so high that the process of bargaining could open the chance of gaining a lot of money for the officers.

Last Saturday the Director General of Taxation disclosed to newsmen that even at present there are still attempts at tax smugglings worth billions of rupiahs. The main reason is that doubt remains prevalent in society about the integrity of tax officers. Based on past experience, tax officers who come over to check taxpayers' SPT are frequently tempted to receive bribes as it used to happen under the old system. If the offer of bribes fails, there may also be threats to reveal deviations once committed by the tax officers. According to the director general, tax officers have different attitudes in this case. Some have yielded to such temptations, but others maintain resistance. The important thing for the authorities of the directorate general of taxation is to distinguish between the weak and the strong officers. All this should be noted in officers' records of good conduct for consideration in determining proper administrative sanctions or rewards for the future.

We can get an idea of the magnitude of the scale of tax smugglings from the director general's statement that in the ten cases being examined, tax smugglings worth Rp 50 billion have been "netted". But such examination obviously is not easy, because tax agencies have to gather themselves the data required in order to prove the tax deviations. In the process to prove such irregularities taxpayers naturally should also be protected from tax officers' possible arbitrary acts.

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## BUSINESS NEWS VIEWS IMPORT MONOPOLIES

Jakarta BUSINESS NEWS in English 3 Dec 86 pp 3, 4

[Editorial: "Government Stands Up for Monopolies"]

[Text] The reaction against the large number of monopolies in the import trade is gaining increased momentum. This reaction is being fanned by the difficult economic situation, the urgency to boost non-oil/gas exports, and the start of the government's own policy to deregulate the import and export trade, as implied by the package of October 25, 1986.

Approving sole importers to realise the import of basic materials and components for industries may be well intended, viz. to protect industries from too intense competition. The Director General of Multifarious Manufacturing Industries has stood up for the system of monopolies in the plastic materials trade before Parliament Commission VI. He also referred the interests of consumers, which must be protected because plastic basic materials come in various kinds, so that it is physically difficult to distinguish one from another. The logic of this protection does not sound very convincing in the ears of the public.

If consumers are supposed to be protected because of their lack of knowledge, why have two state companies been approved as import monopolies? One of them has withdrawn because of incapability, and the other has left its business to a private firm operating from Hongkong. Is the sole private firm operating from Hongkong far more capable than Indonesian consumers (or traders)? And what is the reason and motive of the state company and the private firm in Hongkong to impose three kinds of levies, namely US\$70 per ton, plus Rp25 per kg, still plus a 2 percent commission for the opening of back-to-back L/Cs? Are all these levies also in conformity with public interests? If the government needs extra income from imports, why haven't import duties been increased to ensure bigger receipts for the state treasury? So, what in fact is the purpose of the levies?

To say that the import and export trade has to be arranged monopolistically in order to protect public interests seems to be not so well founded as a policy basis. The Outline of the State Policy prohibits monopolies that harm public interests. Hence any monopolistic operation should prove harmless, and this must fulfil objective criteria and be acceptable to the

common sense of society, or at least to people's representatives at the House. It is just because the State Policy forbids monopolies harmful to the population, any such operation must be controlled by the people through their representatives.

After the devaluation all import goods become expensive. So the extra levies increase the burden to be borne by industries.

Non-oil/gas exports in the post devaluation period must increase by US\$1 billion annually, otherwise the devaluation will be to no avail. All kinds of manufactures have the potential for exports, as long as their prices are competitive abroad. In general this competitiveness increases after devaluation, provided that the production cost is not burdened by various levies. Hence the levies imposed by the trade monopolies hamper the achievement of non-oil/gas export targets. A lot of manufacturing products need cheap packaging. Plastics meet this need. The potential for canned food or fruit exports needs the support of tins, which are also governed by import trade monopolies, and the price may be more expensive than it would under a free import system.

But how can we protect the plastic and tinplate industries already established? If necessary the government should give subsidies to them through the state budget, so that the amounts and periods concerned can be subject to House control. If imports are to provide cross-subsidies for the domestic industries through import monopolies, then prices of tins, plastics, and the like will increase and cause the failure of certain export potentials. Now which one is more important, the survival of some domestic industries (tins, plastics etc.) or the non-oil/gas export drive and the lowering of production cost as well as domestic prices to allow another breathing spell to the domestic economy under this recession? Naturally the tinplate and plastic industries should not die, but the way they are maintained must in no way be at the expense of equally important economic aims, which at present even become more important. Thus the method of providing clear and budget-supported subsidies is the most effective way. The length of time in which the "infant" industries call for subsidies to protect their existence can be followed and controlled by Parliament as well.

The public should feel relieved that the government, through the Director General of Multifarious Manufacturing Industries, has stated that "the arrangement of plastic basic materials imports is of temporary nature. Such arrangement is not the ultimate goal. The important thing is to ensure their smooth procurement from imports".

Hence the society can hopefully expect the (speedy) abolition of this special trade arrangement.

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CSO: 4200/225

## BANK INDONESIA EXPORT CREDITS FOR IPTN AIRCRAFT BUYERS

Jakarta ANTARA NEWS BULLETIN in English 3 Dec 86 p A1

[Text] Jakarta, December 2 (ANTARA)--Bank Indonesia is ready to provide export credits for foreign buyers of products of Indonesia's Nusantara Aircraft Industry (IPTN), Central Bank Governor Dr. Arifin Siregar told a parliamentary budget committee here Tuesday.

The credits will be given according to the requirements set by the OECD (Organisation for Economic Cooperation and Development) for a period of seven years, including a grace period of two to three years, with an annual interest rate of 7.4 per cent, Arifin Siregar said.

But, he went on saying, before giving the credits, Bank Indonesia needs to know first the recipient's ability to repay the credits.

He admitted that IPTN had received several offers from different countries. But those countries are now in financial difficulties, so that they might not be able to repay the credits, he said without specifying.

## Three Countries

IPTN President Director Prof. Dr. B.J. Habibie in reply to ANTARA Tuesday evening said that three countries had knocked at his door for buying IPTN products by using export credit facilities.

The three countries are Suriname, Micronesia and Tonga.

According to Habibie, the first two countries have shown their interest in buying IPTN products after seeing the capabilities of the Indonesian aircraft maker shown during the first Indonesian air show last June, while the third is thanks to Finance Minister Radius Prawiro's efforts.

If they get the export credit facilities, they are ready to sign the purchase contracts this month, he explained.

Apart from Bank Indonesia, IPTN is also trying to get the financial support of the Deutsche Bank (West Germany) and two Japanese financial institutions to boost its export drive.

IPTN is manufacturing helicopters under licences of West German and French aircraft makers and the 20-seater C-212 aircraft under the licence of the Spanish CASA and the 35-seater CN-235, which is a joint production between IPTN and CASA.

JOINT VENTURE SIGNED FOR SEAMLESS PIPE FACTORY

Jakarta ANTARA NEWS BULLETIN in English 3 Dec 86 p A7

[Text] Jakarta, December 3 (ANTARA)--A joint venture agreement was signed here Wednesday for a seamless pipe plant with an investment of about Rp.880 billion (US\$550 million). Construction of the plant will start in 1987 to be completed in three years.

The signing of the agreement for this PMA (foreign investment) project was carried out by Abdul Rachman Ramly (chief director of Pertamina state oil company), T. Ariwibowo (chief director of Krakatau Steel), H. Achmad Bakrie (chief director of PT Bakrie Brothers), Ary Mochtar Pedju (chairman of the board of directors of PT Encona Engineering) and Charles T. Graham (president of Asia Pacific Pipe Investment (APPI) Corporation S.A.)

The plant, with an installed capacity of 300,000 tons per annum, will be built in the Cilegon Industrial Estate, with PT Bakrie as the biggest shareholder with 39 per cent, Pertamina with 30 per cent, APPI 20 per cent, PT Encona Engineering with 6.1 per cent and PT Krakatau Steel with 4.9 per cent.

Achmad Bakrie said, the greater part of the steel pipes manufactured by PT Seamless Pipe Indonesia Raya, the name given to the joint venture project, will be for domestic use.

This kind of pipes is mostly used by oil producing countries.

Pertamina chief director Ramly said that after completion of the plant Indonesia's dependency on this vital product from abroad would be declining.

Construction of the plant will be carried out based on turn key project arrangements. Discussion on its construction is now being carried out with Italian and West German companies.

Indonesia imported seamless pipes at an average of 150,000 tons per annum between 1980-1985. The current price is about US\$600 per ton.

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KADIN CHIEF DISCUSSES VISIT TO MIDEAST

Jakarta ANTARA NEWS BULLETIN in English 7 Dec 86 pp A2, A3

[Text] Jakarta, Dec. 7 (ANTARA)--The prospect of Indonesian trade to the Middle East countries is quite bright since many nations in the region need non-oil/gas commodities from Indonesia.

It was stated by General Chairman of the Indonesian Chamber of Commerce and Industry (KADIN) Dr. Sukamdani Sahid Gitosardjono to the press upon arrival at Sukarno-Hatta International Airport here Saturday after concluding a one week visit to several Middle East countries.

He stated that the visit of KADIN's delegation to those nations is significant because it could encourage Indonesian businessmen to step up trade to the Middle East.

The countries visited by the 19-member delegation led by the KADIN chairman included Saudi Arabia, Abu Dhabi and Dubai.

During their stay in Saudi Arabia, the Indonesian businessmen held talks with Saudi Arabian Deputy Minister of International Trade and Industry Abdulrahman Jamil, Deputy Minister for Planning Husein Abdullah and Deputy Minister for Manpower and Social Affairs Ahmed Ali Yahya.

They also met with their counterparts, members of the Chambers of Commerce and Industry in Riyad, Mecca, and Jeddah, discussing the possibility of strengthening the cooperation between both countries.

The Saudi Arabian officials welcomed the Indonesian businessmen. They expressed hope that the businessmen would take part in the development being carried out in Saudi Arabia.

In a meeting with Abdulrahman Jamil of the Saudi Arabia's MITI (Ministry of International Trade and Industry), they talked about the possibility of increasing the economic and trade cooperation of the two nations.

In a bid to smoothen direct trade, the role of both countries' embassies is very important, Sukamdani stated.



Regarding this, Jamil has promised that the Saudi Arabian embassy in Jakarta would provide visa facilities to Indonesian businessmen who would visit to Saudi Arabia without considering their religions. Because business does not know religious discrimination, moreover to a friendly country like Indonesia, he said.

#### Business Contact

During the visit, the Saudi businessmen have agreed to buy Indonesian commodities such as textile, plywood, sawn-timber, pepper, coffee, fresh fruit and (processed) food products.

In the investment sector, Saudi Arabia is ready to invest its capital in furniture industry in Indonesia which would be marketed to the United States and the European Economic Community (EEC).

PT Byoc Utama, an Indonesian private company which is a member of KADIN, has signed a joint venture agreement worth about 15 million US dollars with the Arab Middle East.

Meanwhile, in their visit to the United Arab Emirates (UAE), UAE has been interested to buy more Indonesian commodities including sawn-timber and garments for their local consumption as well for further exports to other Middle East and African nations.

UAE also called on Indonesia to allow an Arab bank to open its branch in Jakarta in order to step up trade and investment between Indonesia and the Middle East.

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## BRIEFS

VALUE OF LNG, OIL EXPORTS--Jakarta, Nov. 25 (ANTARA)--The export value of Indonesia's liquefied natural gas (LNG) in the third quarter of this year declined by around 20.6 per cent from the same period of last year, a source of the Bank Indonesia said Monday. The source said that the LNG export in the third quarter of 1985 was noted at US\$2,841 million compared to US\$2,255 million in the corresponding period of this year, a drop by around US\$586 million or 20.6 per cent. Indonesia's highest LNG export figure was reached in the first month which stood at US\$1,034 million. This commodity mostly went to Japan and South Korea. Meanwhile the export value of crude oil over the past seven months rose by around 11.6 per cent from the same period of 1985, namely from US\$5,037 million to US\$5,622 million. Japan, the United States, European Economic Community and South Korea are the main importers of Indonesia's crude. [Text] [Jakarta ANTARA NEWS BULLETIN in English 25 Nov 86 pp A2, A3] /6091

UREA, AMMONIA EXPORT FIGURES--Jakarta, December 1 (ANTARA)--Indonesia's export of urea from January to November 15 this year was recorded at 1.47 million tonnes for a value of US\$120.7 million, according to Minister of Industry Hartarto. The fertilizer was exported to Asean countries--except Singapore--Bangladesh and India. Indonesia during the same period also exported 247,000 tonnes of ammonia worth around US\$27 million, the minister stated Monday when installing 16 executives of the BUMN (State Public Corporation) of the Ministry of Industry. Indonesia is building another urea factory in East Kalimantan (Urea Kaltim III). The factory will have a designed capacity of 570,000 tonnes per year. When finished, Indonesia's designed capacity of urea in 1989 will be 4,940,000 tonnes per year. The 1988/89 estimated demand of urea is 3,530,000 tonnes and in 1989/1990 around 3,740,000 tonnes, so Indonesia will be able to meet its own need of urea fertilizer. [Excerpt] [Jakarta ANTARA NEWS BULLETIN in English 1 Dec 86 p A7] /6091

CREDITS FOR WEAK BUSINESSMEN INCREASE--Jakarta, December 3 (ANTARA)--Bank credits for weak businessmen in the past few years have increased considerably compared with the amount of those going to big companies, governor of the Central Bank of Indonesia Dr. Arifin Siregar disclosed Tuesday. The 1980 credits for weak businessmen stood at Rp891 billion against the 1974's Rp75 billion. By the end of July this year the credits amounted to Rp4,083 billion. Without giving the exact figures, Arifin Siregar stated

from April to July this year bank credits increased by 6.6 per cent (Rp1,488 billion) against last year's increase of 5.6 per cent (Rp1,085 billion). The government will continue to provide more credits for weak businessmen so that more people will be able to enjoy the facilities. This can be done by reviewing the weak-businessmen category, he added. [Text] [Jakarta ANTARA NEWS BULLETIN in English 3 Dec 86 p A3] /6091

HABIBIE ON NUCLEAR ENERGY--Jakarta, December 5 (ANTARA)--Nuclear energy is not given the first priority for its development in Indonesia, but there is no ban on its use for peaceful purposes, State Minister for Research and Technology Prof. Dr. Ing. B.J. Habibie made it clear here Thursday. In reply to ANTARA after receiving the Bavarian state (West Germany) minister for economy and transportation, Anton Jaumann, Habibie said that the first priority for development was given to hydro-power, followed by coal, geothermal, gas and the last, nuclear energy. Indonesia, he explained, would someday utilize nuclear energy. For that purpose, Indonesia is now constructing a German-built multi-purpose research reactor at Serpong, west of here. The 30-MW reactor is developed by a company located in the Bavarian state. Habibie admitted that he had discussed matters pertaining to nuclear energy with his German guest. [Text] [Jakarta ANTARA NEWS BULLETIN in English 5 Dec 86 p A3] /6091

FOREIGN INVESTMENT TO DROP--Jakarta, Dec. 5 (ANTARA)--Junior Minister for Promotion of Domestic Products/Chief of the Investment Coordinating Board Ginanjar Kartasasmita said that new foreign investment commitments in Indonesia were estimated to fall again this year. Speaking before the parliament here Thursday he expected these commitments would gradually increase beginning next year. He said that over the past eleven months the board approved only US\$731.87 million in foreign investments in non-oil/gas projects compared to US\$859 million in 1985. Ginanjar said that the fall in foreign investments in recent years was due to the switch of the flow of capital from the developed countries to other industrialized nations, instead of to the developing countries. To overcome this situation, the government is offering wider chances and incentives to prospective investors to operate in Indonesia, he added. The minister was optimistic that new foreign investment commitments would increase next year though not so much as expected by the government. [Text] [Jakarta ANTARA NEWS BULLETIN in English 5 Dec 86 p A5] /6091

LOG EXPORTS CONTINUE DESPITE BAN--Jakarta, Dec. 5 (ANTARA)--Indonesian logs, despite the government ban on the export of the commodity as of 1985, have even been coming in Taiwan in increasing quantities this year. The August 1986 edition of the ASIAN TIMBER magazine wrote that Taiwan's log imports from Indonesia were still going on up to the end of April this year despite the Indonesian government's ban. From January through April 1986 Taiwan had imported 61,076 cubic metres of Indonesian logs estimated at US\$2.90 million. In April only, Taiwan imported some 5,938 cubic metres of the Indonesian commodity worth US\$324,000. In meeting its need for plywood, Taiwan also imported logs from Malaysia, the Philippines, Burma and Papua New Guinea. Taiwan's total log imports from January through April 1986 amounted to 998,305 cubic metres estimated at US\$79.97 million. [Text] [Jakarta ANTARA NEWS BULLETIN in English 5 Dec 86 p A1] /6091

ILLEGAL ALIENS DEPORTED--Jakarta, December 7 (ANTARA)--Indonesia expelled 42 foreigners of various nationals last November, the Directorate General of Immigration of the Ministry of Justice in its press release said Saturday. The 42 foreigners were illegal immigrants who had entered and stayed in the country without the required documents, and were engaged in illegal fishing business, it was said. According to the source, the 42 illegal immigrants were sent back to their respective countries and were black-listed in the immigration office. It was said that the Directorate General of Immigration of the Ministry of Justice will continue to take action against foreigners who try to enter or stay in the country without legal documents. The immigration office appeals to foreigners staying in Indonesia not to abuse their documents issued by the immigration office. It also urged the public to report to the office any foreigner suspected of not in possession of legal documents. [Text] [Jakarta ANTARA NEWS BULLETIN in English 8 Dec 86 p A5] /6091

1985 NONOIL EXPORTS VALUE--Jakarta, December 9 (ANTARA)--Indonesia's export values in 1985 stood at US\$13 billion, 6.4 billion dollars of which came from the non-oil commodities, Forestry Minister Soedjarwo said here Tuesday. Minister Soedjarwo told the opening of a working meeting of the Indonesian Forestry Community (MPI) here Tuesday that the figure indicated the inability of the Indonesian people to maximally utilize the natural resources. Soedjarwo pointed out that Taiwan whose area is as wide as West Java could earn US\$40 billion in foreign exchange from its natural resources whereas the Netherlands could earn 25 billion dollars from its agriculture only. The situation constituted a challenge for MPI as the partner of the Forestry Ministry to continue to exploit and utilize the national resources, the minister asserted. [Text] [Jakarta ANTARA NEWS BULLETIN in English 9 Dec 86 p A11] /6091

PROTECTIONISM HAMPERS NONOIL EXPORTS--Jakarta, Dec. 9 (ANTARA)--Increasing protectionism is the main factor hampering the promotion of Indonesia's non-oil/gas exports to the United States, Japan and countries grouped in the European Economic Community (EEC). Director General for Foreign Economic Relations Rusli Noer MA stated such a view at a hearing with Parliamentary Commission I here Monday. Rusli stated further that despite the growing protectionist steps the effort to obtain a better access to those countries would be intensified as they constituted potential markets for non-oil/gas commodities. The United States ranks first in the absorption of Indonesia's commodities other than oil and natural gas, followed by Japan and the EEC at the second and third place respectively, he said. US imports of non-oil/gas commodities from Indonesia average about 21.8 percent of Indonesia's non-oil/gas exports as a whole, while Japan and EEC's imports of those commodities from Indonesia respectively cover about 20.6 percent and 14.9 percent of the entire Indonesia's non-oil/gas exports. [Text] [Jakarta ANTARA NEWS BULLETIN in English 9 Dec 86 pp A5, A6] /6091

LEGAL AID CHIEF AGAINST CAPITAL PUNISHMENT--Jakarta, December 10 (ANTARA)--Capital punishment still carried out in Indonesia under the criminal, anti-subversion and anti-narcotics laws should not be preserved since it is against human rights. This was disclosed by chairman of LBH (Legal Aid

Council) T. Mulya Lubis, SH Tuesday in a press conference on the eve of Human Rights Day on December 10. Capital punishment is also against the aim of imprisonment which is to return the ex-criminals to the society through rehabilitation and education, he said. With regard to that it is imperative that capital punishment be abolished from the Indonesian legal system, he added. [Text] [Jakarta ANTARA NEWS BULLETIN in English 10 Dec 86 p A3] /6091

**NORWEGIAN GRANT FOR SEA COMMUNICATIONS**--The Norwegian Government recently extended a grant worth about US\$2 million to the Indonesian Government c.q. the Directorate General for Sea Communication for the provision of software. The purpose of the granting of the assistance is to support the development of the sea communication subsector, particularly the procurement of training and educational facilities for the Indonesian Maritime Academy (AIP) and PT PANN, a state-owned shipbuilding company. The assistance has also been given for the maintenance of vessels belonging to PT Pelni and PT Djakarta Lloyd and for the holding of seminars. The document of the extension of the grant was signed here recently by Director General for Sea Communications J.E. Habibie, who was on the occasion representing the Indonesian Government, and the Norwegian Ambassador to Indonesia on behalf of the Norwegian Government. Previously the Norwegian Government extended soft loans for the building of 20 units of merchant ships to be operated by PT Pelni. [Text] [Jakarta BUSINESS NEWS in English 3 Dec 86 p 9] /6091

**ADB LOAN FOR PORT PROJECT**--The Asian Development Bank recently approved a \$40 million loan as technical assistance grant to Indonesia for the Eighth Port Project. The loan is drawn from the Bank's ordinary capital resources. Repayment is over 25 years with a grace period of 5 years. The interest rate will be determined in accordance with the Bank's pool-based variable lending rate system. The main aim of the Project is to modernize and increase capacity at the ports of Banjarmasin, South Kalimantan, & Balikpapan, East Kalimantan, to handle traffic economically and efficiently until 1995. The main beneficiaries of the Project ports. [sentence as published] In addition, the institutional capability of Perum IV, a Government-owned seaport corporation, is expected to be strengthened. The total cost of the Project is about US\$59 million of which the Bank loan will cover US\$35.1 million. Nordic Investment Bank has agreed in principle to co-finance the project to the amount of about US\$14.5 million with the balance being financed by the Government. In addition, the Bank loan includes an amount of US\$4.9 million for refinancing of the Bank's Sixth Port Project. Furthermore, a technical assistance grant has been approved to provide about 27 man-months of consultant services in the areas of computer services, financial management and port operations to strengthen the operational performance of Perum IV, one of the executing agencies. The executing agencies will be Perum III for Banjarmasin and Perum IV for Balikpapan. The Project is expected to be carried out over five years, beginning in the first quarter of 1987. [Text] [Jakarta BUSINESS NEWS in English 5 Dec 86 p 5] /6091

CSO: 4200/226



FOREIGN ENVOYS MEET PHOUMI VONGVICHIT, OTHERS

BK021230 Vientiane KPL in English 0959 GMT 2 Dec 86

[Text] Vientiane, December 2 (KPL)--Diplomatic envoys and representatives of international organizations to Laos yesterday called on Phoumi Vongvichit, Politburo member of the party CC, acting-president of the Republic, vice-chairman of the Council of Ministers, to convey best wishes to him on the occasion of the 11th National Day of the Lao PDR (Dec. 2).

The Vietnamese Ambassador Nguyen Xuan who is dean of the diplomatic corps, conveyed best wishes to P. Vongvichit, and through him, to the Lao people. Nguyen Xuan hailed the success of the recent 4th Congress of the LPRP and the achievements borne through the laboriousness [as received] of the Lao people in the fulfillment of their 1986 Plan (the first year of the 2nd Five-Year State Plan). He said that national security and social order have been guaranteed, hence contributing to stability in the region.

Thanks to its just foreign policy, the prestige of the Lao PDR has been raised on the international forum, stressed Nguyen Xuan.

After wishing the Lao people great success in national safeguarding and socialist building, and in the struggle for peace in Southeast Asia and the world, the Vietnamese ambassador thanked the Lao Government and people for having provided facilities to the embassies and international organizations to execute their mission here.

On behalf of the Lao Government, people, and in his own name, P. Vongvichit expressed thanks for the best wishes presented to the party, government and people of Laos. He said that the national day and the 4th party congress are events of great significance which will encourage the Lao people to accomplish their tasks as laid down at the party congress.

He went on to say:

"In the past one year, thanks to the just policy and the clear-sighted guidance of the party and government, we together have strengthened our unity and firmly marched forward on the path of socialism. We basically fulfilled the First Five-Year State Plan (1980-1985) which serves as favorable conditions for the implementation of the 2nd Five-Year Plan (1986-1990) aimed at further developing the Lao PDR."

He praised the unceasing consolidation of the fraternal alliance, special solidarity and all-round cooperation among Laos-Vietnam-Kampuchea and the all-round cooperation with the Soviet Union and other fraternal socialist countries, and expressed thanks to them as well as to other friendly countries and international organizations for their priceless support and assistance.

P. Vongvichit then conveyed his best wishes and new year wishes to the dean of the diplomatic corps, and diplomatic envoys and representative of the international organizations in Laos and to their families as well as their government leaders and peoples. He also wished for further widening of friendly ties among nations.

Present with the Lao acting-president on the occasion were Phoun Sipaseut, Politburo member of the party CC, vice-chairman of the Council of Ministers, Khambou Sounisai, member of the party CC, mayor of Vientiane, and other senior officials.

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CSO: 4200/201

PRK LEADERS GREET LAO COUNTERPARTS ON NATIONAL DAY

BK051334 Vientiane KPL in English 0900 GMT 4 Dec 86

[Text] Vientiane, December 4 (KPL)--Kaysone Phomvihan, general secretary of LPRP and chairman of the Council of Ministers, Phoumi Vongvichit, acting president of the republic, and Sisomphon Lovansai, acting president of the People's Supreme Assembly, have received a joint message of national day greetings from their Kampuchean counterparts.

The message was signed by Heng Samrin, general secretary of the People's Revolutionary Party of Kampuchea, president of the State Council, Chea Sim, chairman of the National Assembly, and Hun Sen, chairman of the Council of the PRK.

The telegramme of greetings reads:

"In the past eleven years of national construction and defence, the fraternal Lao people, under the clear-sighted and just guidance of the Lao People's Revolutionary Party headed by Comrade Kaysone Phomvihan, have scored great and brilliant successes in all domains which play an important role in the consolidation and widening of the militant solidarity between the parties and peoples of the three Indochinese countries. They have also foiled all designs of the imperialist, hegemonists and other reactionaries in the region aimed at dividing the people of Laos, Vietnam and Kampuchea and undermining their resolution.

Particularly, the recent fourth congress of the LPRP has outlined a new prospect of the fraternal Lao people's steady advance along the path of socialism.

"We are convinced that the fraternal Lao people will successfully implement the resolution of the fourth party congress in all fields. On this solemn occasion, we would like to wish you the best of health and dynamism. May you and the Lao people score new and bigger successes in the building of their nation.

On the same occasion, Phoum Sipaseut, member of the Political Bureau of the LPRP CC [Central Committee] and foreign minister of Laos, also received a warm telegramme of greetings from his Kampuchean counterpart, Hun Sen.

/6662

CS0: 4200/201



HUNGARIAN LEADERS GREET LPDR FOUNDDING ANNIVERSARY

BK051245 Vientiane KPL in English 0925 GMT 5 Dec 86

[Text] Vientiane December 5 (KPL)--Kaysone Phomvihan, general secretary of the LPRP CC and chairman of the Council of Ministers, and Phoumi Vongvichit, acting president of the Lao PDR, have received a telegramme of national day greetings from their Hungarian counterparts.

The joint message was signed by Janos Kadar, general secretary of the Hungarian Socialist Workers' Party, Pal Losonczi, president of the Presidential Council, and Gyorgy Lazar, chairman of the Council of Ministers of the People's Republic of Hungary [PRH].

After expressing the warm congratulations [of] the party, state, government and people of Hungary to the fraternal Lao people on their 11th National Day, the telegramme said:

"Our people highly regard the achievements of the Lao people in socialist transformation. We hope that you will unceasingly work to fulfill the resolution of the recent fourth party congress. We also support the Lao PDR's efforts for maintaining peace and security in Southeast Asia.

"We are convinced that our cooperation based on Marxism-Leninism and socialist internationalism will contribute to the deepening of the friendship between our two peoples."

The message concluded by wishing the Lao leaders and people more successes in developing the nation and in the cause of socialism and peace.

In a separate message to the Acting President of the People's Supreme Assembly Sisomphon Lovansai, Istvan Sarlos, president of the National Assembly of the PRH, expressed his hope that the friendly cooperation between the two nations will continually be reinforced for the interests of socialism, international peace and security. He wished the Lao people more successes in national construction and the Hungarian-Lao relations further consolidation.

Phoun Sipaseut, foreign minister of Laos, has also received a warm message of national day greetings from his Hungarian counterpart, Dr Peter Varkonyi.

/6662  
CSO: 4200/201

POLISH LEADERS SEND GREETINGS ON ANNIVERSARY

BK031142 Vientiane KPL in English 0902 GMT 3 Dec 86

[Text] Vientiane, December 3 (KPL)--K. Phomvihon, general secretary of the LPRP and chairman of the Council of Ministers, and P. Vongvichit, acting president of the Lao PDR, have received joint message from W. Jaruzelski, first secretary of the PUWP CC [Polish United Workers Party Central Committee], chairman of the State Council, and Z. Messner, chairman of the Council of Ministers of Poland, greeting the 11 nation day of the Lao PDR (Dec 2).

The message hailed the achievements of the Lao people, under the leadership of the LPRP, in the construction of the base of the socialist society. It said that the 4th congress of the LPRP has enriched the results in the socio-political transformations during the years of existence of people power in Laos [and] has defined the important tasks for the future.

The message noted with satisfaction over the increase of prestige and authority of the Lao PDR in the international arena. Laos together with Vietnam and Kampuchea have positively contributed in the normalization of the situation in SEA [Southeast Asia] and the transformation of this region into a zone of peace, stability, and cooperation.

The Polish leaders expressed satisfaction over the development of the fraternal friendship and cooperation basing on the principles of Marxism-Leninism and socialist internationalism. They believed that the Polish and Lao ties will be further strengthened for the vital interest of the two countries and for the cause of peace and socialism in the world.

The message also wished the communists, governments and people of Laos successes in the concretization of the resolution of the 4th party congress for the consolidation of the people, state and socialism.

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CSO: 4200/201

PDRY LEADERS GREETED ON APPOINTMENTS

BK051251 Vientiane KPL in English 0947 GMT 5 Dec 86

[Text] Vientiane, December 5 (KPL)--Kaysone Phomvihane, chairman of the Council of Ministers of the Lao PDR, sent on Nov 27 a message of greetings to Yasin Said Nu'Man on his reappointment as prime minister of the People's Democratic Republic of Yemen.

The message said:

"On the occasion of your reappointment as prime minister of the PDRY, on behalf of the government and people of the Lao PDR, and on my own behalf, I would like to send to you my warm congratulations and best wishes for your good health and success in your mission.

"I hope that the friendly relations between our two countries will be strengthened and developed with each passing day, for the common interests of peace and security in the world."

Also on the same day, Sisomphon Lovansai, acting-president of the People's Supreme Assembly (PSA) of the Lao PDR, sent a message of congratulations to Haydar Abubakr al-'Attas on his appointment as president of the People's Supreme Assembly of the PDR of Yemen.

The message wrote:

"On behalf of the entire people and the PSA of the Lao PDR, and in my own name, I am glad to send to you my warm congratulations and best wishes for your good health and success in your future work.

"I firmly hope that the fraternal Yemeni people will score more and greater successes in their struggle against the imperialist and other reactionary forces for the defence of their national independence and the fruits of the revolution. I wish for further strengthening of the friendship and militant solidarity between our two countries."

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CSO: 4200/201

## BULGARIAN LEADERS GREET LPDR COUNTERPARTS

BK031148 Vientiane KPL in English 0856 GMT 3 Dec 86

[Text] Vientiane, December 3 (KPL)--Kaysone Phomvihane, general secretary of the LPRP CC [Central Committee] and chairman of the Council of Ministers, and Phoumi Vongvichit, Politburo member of the LPRP CC and acting president of the republic, recently received a message from Todor Zhivkov, general secretary of the Communist Party of Bulgaria and chairman of the State Council, and Georgi Atanasov, chairman of the Council of Ministers of the People's Republic [PR] of Bulgaria, greeting the 11th national day of the Lao PDR.

The message says:

During the last 11 years, the Lao people, under the leadership of the LPRP, have scored brilliant successes in building the new life [and] in safeguarding the revolutionary gains against the violations of the imperialists and international reactionaries. The recent fourth congress of the LPRP has laid down the tasks for the socio-economic development of your country for the improvement of the standard of living of your people.

The Lao PDR's foreign policy is oriented on the safeguarding and reinforcement of peace, harmonious development of friendship and cooperation with countries of the socialist community. The PR of Bulgaria fully supports the constructive proposals forwarded by the three Indochinese countries--Laos, Vietnam and Kampuchea--for the transformation of the Southeast Asia into a zone of peace, stability, and cooperation.

We are glad to observe that the fraternal friendship and cooperation between our parties and countries, based on the Marxist-Leninist and socialist internationalism and on the friendship and cooperation treaty, are strengthening and deepening unceasingly.

On the occasion of the national day of the Lao PDR, we wish you and the Lao people new and still greater successes in implementing the historical decisions taken by the fourth congress of the LPRP for the building of a new society, progress and the world peace.

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CSO: 4200/201

PHOUMI VONGVICHIT GREETES MONG NEW YEAR FESTIVAL

BK031227 Vientiane KPL in English 0911 GMT 3 Dec 86

[Text] Vientiane, December 3 (KPL)--Acting President of the Republic Phoumi Vongvichit has sent his best wishes to the Mong and other ethnic minorities who are currently celebrating their traditional new year days.

In his warm new year message published in PASASON yesterday, on behalf of the party, government and front for national construction, Phoumi Vongvichit praised the Mong, Yao, Ko and other minorities for their past year contributions to the national defence and socialist construction.

In this regard, the acting president commended them for having volunteered to serve in the army and security force with regard to production. Phoumi Vongvichit praised their gradual approaches to adopt a collective way of life by forming labour exchange teams and other collective forms of production.

The acting president also hailed their participation in social work such as taking part in building roads, schools, hospitals, irrigation projects and their attending literacy courses. They were especially commended for their parts in foiling the enemy's dark schemes and maintaining social order.

On this occasion the Lao acting president also called upon the ethnic minorities to enhance unity among themselves and to rally behind the party, government and the front for national construction in order to better fulfill the new tasks required of every citizen.

Phoumi Vongvichit called upon them to actively rebuff all activities of the enemy, particularly the enemy's psychological warfare. All the Lao, regardless of their ethnic origins, are to enjoy equality and the right to be collective masters of the country. This is to help each and the entire population to fulfill the tasks of national defence and socialist construction said Phoumi Vongvichit.

The acting president further appeals to the ethnic minorities to exert efforts to improve the overall standard of living both materially and spiritually. And they should also continually help to make the political, economic and social institutions at the grass-roots strong in all fields.

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CSO: 4200/201

## BRIEFS

**CUBAN ARMY DAY GREETED**--Vientiane, December 3 (KPL)--General K. Siphandon, minister of national defence, has extended a message to General Raul Castro Ruz, minister of Revolutionary Armed Forces of Cuba [RAFC], greeting the 30th anniversary of the RAFC. The message praised the continual development of the Cuban Army under the clear-sighted leadership of the CPC headed by Fidel Castro, saying that it has become a modern revolutionary army and a strong bastion for national safeguarding and socialist building in Cuba. With its achievements, the Cuban Army has contributed to the just revolutionary cause of the fraternal countries. The Lao People's Army and people are proud of the successes of the Cuban Army and regard them as their own, the message said. The Lao defence minister wished for further consolidation of the friendship and combative solidarity between the two peoples and armies and for success to the Cuban Army in its task of national defence and construction and in its international obligation as well. [Text] [Vientiane KPL in English 0917 GMT 3 Dec 86 BK] /6662

**YUGOSLAV NATIONAL DAY GREETING**--Vientiane, December 3 (KPL)--Phoumi Vongvichit, acting-president of the Lao PDR, sent on November 29 a message of greetings to President Sinan Hasani on the occasion of the national day of the Socialist Federal Republic of Yugoslavia. The message said: On behalf of the Lao Government and people, and in my own name, I wish you and the Yugoslav people happiness and success in their national development. I believe that the relations of friendship and cooperation between our two non-aligned countries will be developed for our mutual interests and for peace and security in the world. On the same occasion, the Lao minister for foreign affairs has sent a message of greetings to his Yugoslav counterpart. [Text] [Vientiane KPL in English 0921 GMT 3 Dec 86 BK] /6662

**THAI EMBASSY RECEPTION**--Vientiane, December 6 (KPL)--Thai ambassador to Laos, Chaiya Chindawong, and his wife offered here yesterday a reception on the occasion of the 59th birthday of the King of Thailand, Phumiphon Adunyadet. Present at the reception among others were Phao Bounnaphon, minister of transport and post, and Khamphai Boupha, first deputy-minister for foreign affairs. Diplomatic envoys and representatives of international organizations here were also present at the reception. [Text] [Vientiane KPL in English 0914 GMT 6 Dec 86 BK] /6662



INTERNATIONAL VOLUNTEERS--Vientiane, December 6 (OANA-KPL)--"The Lao PDR is satisfied with the work of the international volunteers here and we still need their effective help." This was stated by Dr Somphavan Inthavong, vice-chairman of the State Planning Committee, at a well-wishing ceremony held here yesterday in connection with the U.N. international volunteers' day. For his part, Per Janvid [name as received], representative of the UNDP [United Nations Development Program] here, thanked the Lao side for having organized this commemorative day. The number of international volunteers assigned to the Lao PDR has largely increased during the past two years. They are working in various spheres such as agriculture, forestry, communications, the supply of clean water and other hygiene projects. [Excerpts] [Vientiane KPL in English 0927 GMT 6 Dec 86 BK] /6662

FINNISH NATIONAL DAY GREETINGS--Vientiane, December 6 (KPL)--Phoumi Vongvichit, acting president of the Lao PDR, has extended the following congratulatory message to Mauno H. Koivisto, president of the Republic of Finland. "On the occasion of the National Day of the Republic of Finland, I have the honour to address the sincere congratulations of the government and people of the Lao People's Democratic Republic and of my own to you, to the government and people of Finland. I hope that the relations and cooperation between our two countries will be further developed in the coming year." [Text] [Vientiane KPL in English 0916 GMT 6 Dec 86 BK] /6662

'THAT LUANG' EXHIBITION CLOSES--Vientiane, December 5 (KPL-OANA)--The 1986 "That Luang" fair was closed here on December 4, after 22 days of exhibition. Among officials present at the closing ceremony were Sali Vongkhamsao, member of the Political Bureau and secretary of the LPRP CC, vice-chairman of the Council of Ministers, and chairman of the State Planning Committee Khambou Sounisai, member of the Party CC, mayor of Vientiane, Chairman of the organizing committee of the That Luang fair. Diplomatic envoys and representatives of international organizations here were also present. In his closing speech, Khambou Sounisai expressed congratulations and thanks to all organizations which took part in this fair. [Text] [Vientiane KPL in English 0930 GMT 5 Dec 86 BK] /6662

INDIA'S ZAIL SINGH GREETINGS--Vientiane, December 6 (KPL)--Phoumi Vongvichit, acting president of the Lao PDR, has received the following message from Zail Singh, president of India: "Excellency, On the happy occasion of the National Day of the Lao People's Democratic Republic, I, on behalf of the government and people of India as well as on my own behalf, have great pleasure in conveying to Your Excellency our congratulations and good wishes. Our two countries have a tradition of close and friendly relations. I am confident that these relations will be further strengthened in the years to come. I avail myself of this opportunity, excellency, to convey to you my best wishes for your good health and happiness and for the continued progress and welfare of the friendly people of Laos." [Text] [Vientiane KPL in English 0909 GMT 6 Dec 86 BK] /6662

GDR LEADERS' ANNIVERSARY GREETINGS--Vientiane, December 3 (KPL)--Lao leaders have received a message of national day greetings from Erich Honecker, general secretary of the SED CC, chairman of the State Council; Willi Stoph, chairman of the Council of Ministers; and Horst Sindermann, president of the People's Chamber of the GDR. The joint message was addressed to K. Phomvihan, general secretary of the LPRP CC, and chairman of the Council of Ministers; P. Vongvichit, acting-president of the republic; and Sisomphon Lovansai, acting-president of the PSA. Under the guidance of the LPRP, the fraternal Lao people are creatively and energetically implementing the resolution of the 4th party congress which has opened a new stage of socialist building in your country, the message writes. The GDR leaders expressed satisfaction over the friendship and effective cooperation between the two parties, governments and peoples based on the principles of Marxism-Leninism and socialist internationalism. They pledged to do their utmost to strengthen the GDR-Lao fraternal ties in accordance with the spirit of the Friendship and Cooperation Treaty signed between the two countries, for their mutual interests and for peace and socialism. Foreign Minister P. Sipaseut has also received a similar message of greetings from his GDR counterpart, Oskar Fischer. [Text] [Vientiane KPL in English 0907 GMT 3 Dec 86 BK] /6662

CS0: 4200/201



## MOVE TO SET UP DEFENSE INDUSTRY STUDIED

Kuala Lumpur NEW STRAITS TIMES in English 26 Nov 86 p 6

[Text]

**KUALA LUMPUR, Tues.** — The Ministry of Defence (Mindef) has set up a committee to study the establishment of a comprehensive local defence industry.

Its Minister, Datuk Abdullah Haji Ahmad Badawi, said today that the country was already involved in producing some defence equipment for local use as well as for export. These included communications equipment and small arms ammunition.

However, there were other areas that could be explored and undertaken with foreign investment.

"We are not thinking of building warships, aircraft or armoured personnel carriers as these will require massive investment," he told newsmen after briefing 30 Barisan Nasional MPs at Mindef.

"However, if we start local production of certain parts of military equipment it will be a good beginning in efforts

to have our own defence industry."

Datuk Abdullah said some of these components were small in size but were expensive to purchase.

### Job creation

A local defence industry would also give Malaysia some degree of self-reliance in our defence needs. The establishment of such an industry would also create jobs and result in the setting up of other supporting industries.

"I think we can make use of the firms that supply some of our defence requirements to lead the way in efforts to set up our own defence industry," he said.

Several local firms, like Malaysian Shipyard Engineering (MSE) and Hong Leong-Larsen (HLL), have acquired experience in manufacturing defence equipment for Mindef.

MSE built an offshore patrol vessel (under licence from the South Korean Shipyard Engineering Corporation),

while HLL supplied fast strike craft to the Royal Malaysian Navy.

Airrod Malaysia Sdn Bhd, formerly the Royal Malaysian Air Force's Subang Air and Overhaul Depot, has been given the contract to service the RMAF's rotary and fixed wing aircraft, while Syarikat Malaysian Explosives Sdn Bhd manufactures small arms ammunition and smoke grenades for the Armed Forces.

A leading British firm, Marconi, dealing in electronics and communications, recently set up a factory in Kulim, Kedah.

Datuk Abdullah said that the Armed Forces had, under the Special Armed Forces Expansion and Modernisation Programme (Perista) which was launched in 1979, identified certain equipment for local production.

However, some of the programmes to be undertaken under Perista were affected by the economic slowdown, including the local production of some equipment.

### New approach

Therefore, the setting up of this committee is timely as it will enable a review to be made of the projects identified under Perista as well as new ones.

"We may also have to plan a different approach for the establishment of this local defence industry, like getting the private sector to be actively involved now that the Government has limited development funds."

Datuk Abdullah said that the made-in-Malaysia assault rifle project (to replace the Armed Forces' standard assault rifle, the American M-16As) which was frozen due to lack of funds would also be studied by the committee.

The committee is headed by Mindef's Deputy Secretary-General (Administration and Policy), Encik Shamsuddin Dobi.

The committee's recommendations will be submitted to the Cabinet's National Defence Production Committee.

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CSO: 4200/209

'WIDESPREAD' RESURGENCE OF PUBLIC CONFIDENCE IN AQUINO

Manila MANILA BULLETIN in English 26 Nov 86 pp 1, 12

[Article by Rod L. Villa Jr.]

[Text] Constitutional commissioners reported yesterday a widespread resurgence of public confidence in the leadership of President Aquino as a consequence of her move to reorganize the Cabinet.

Reporting from 15 places around the country, the Con-com members said they saw a generally relaxed mood that was a contrast to the tense situation which marked their campaign for the ratification of the new constitution up to last weekend.

Con-com President Cecilia Munoz Palma expressed the hope that the revamp would bring about tranquility necessary to the intelligent discussion of constitutional issues leading to the Feb. 2 plebiscite.

Con-com Vice President Ambrosio Padilla said if the conducive mood continues, the voting ratio would improve to eight to two in favor of ratification.

Con-com Floorleader Napoleon Rama reported "widespread jubilation" over the relief of Defense Minister Juan Ponce Enrile in Cebu City and the province's towns.

Chairman Jose Bengzon of the subcommittee on education and information said the people praised the President's moves in the course of his swing of Tarlac, Nueva Ecija, and Isabela in Luzon and in San Jose, Mindoro, and Cebu in the Visayas.

Christian Monsod, overall chairman of the education and information committee, said criticisms against Section 2 of the transitory provision fixing the term of President Aquino up to June 30, 1992, "considerably toned down" in the provinces.

Serafin Guingona, Edmundo Garcia, Jose Gascon, Christine Tan, Vicente B. Foz, Bishop Teodoro Bacani, and Dean Florenz Regalado said the evident restlessness that marked their appearances before teachers and students subsided in Metro Manila.

But Felicitas Aquino said the situation continues to be volatile, and disagreed with assertions that ratification of the constitution would automatically bring tranquility.

MARKET TRADING BOOM FOLLOWS AQUINO CABINET CHANGE

Manila MANILA BULLETIN in English 26 Nov 86 pp 1, 5

[Article by Loreto Cabanes]

[Text] The stock market went wild yesterday as transactions hit boom proportions after a month's lull, fueled by massive buying that pushed the combined value of turnover at the two bourses to a record of P174.5 million.

The business community and stockbrokers described yesterday's heavy trading as a "resounding endorsement" of President Aquino's relief of Juan Ponce Enrile from his defense post and an indication of the confidence of investors in the political situation.

From opening to closing time, trading was frenetic at both the Manila and Makati stock exchanges. Price gains for commercial-industrial issues were substantial.

It was the second consecutive day the market displayed its favorable reaction to the decisive action taken by President Aquino to shake up her Cabinet.

Last Monday, the market went up substantially but yesterday's heavy transactions caught many by surprise. The combined value of turnover at P174.5 million represented a 132.6 percent improvement over Monday's P75 million.

Bloating the day's turnover were special block sales of 800,000 "B" shares of San Miguel at the Manila and Makati bourses. The transactions were done at P85 per share for a total of P68 million. The price was previously negotiated and was higher than the prevailing market price of P81 when the transactions were made.

Without these special block sales, the value of regular trading done at the bourses amounted to only P106 million, but this was still higher than the previous record daily turnover of P102 million registered last Oct. 13.

Heavily traded yesterday were PLDT and SMC shares whose prices closed higher at P275 and P70, respectively--a gain of P10 and P3.50.

The bulk of the transactions were in commercial-industrial issues--2.4 million shares valued at P78.96 million in Manila and 2.2 million shares valued at P65.2 million in Makati.

Of 50 issues traded in Manila, 24 gained, six lost, and 20 were unchanged. In Makati, 17 issues gained, four lost, and 11 were unchanged.

The turnover was split P98 million in Manila and P76.5 million in Makati.

Prior to the rumors about a possible coup, Enrile's open criticism about the policies of the Aquino administration and the spate of killings that took place this month, the stock market was already booming with combined daily transactions at the two exchanges averaging P75 million to P80 million.

The market was adversely affected by the series of bad news and rumors that bombarded it beginning the last week of October until last week when the political tension was defused with the replacement of Enrile as defense minister.

Many said the heavy trading yesterday could be just euphoria over the ouster of Enrile from the Aquino government and may soon subside.

But the two-month boom experienced by the market in September and October could be expected to continue longer as investors gain more confidence in the business climate, brokers said.

They said that the price movement of traded issues was not without fundamentals. Most of the issues were still cheap and with the amount of cash available that was freed from the decline of interest rates, investors will really have to look for other investment outlets.

Interest rates on savings deposits have gone down to a record low of six percent per annum and depositors still have to contend with the 20 percent tax on interest.

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CSO: 4200/224

## PRESIDENT'S OFFICE SAVES 31 MILLION PESOS

Manila MANILA BULLETIN in English 27 Nov 86 p 9

[Text] Executive Secretary Joker P. Arroyo today reported to President Aquino net budgetary savings of P31,483,373.16 in the Office of the President from March 1 to Sept. 30 this year.

Total budgetary savings for the period would have been P50,423,343.16 had the budgetary allocation of P18,942,970 for the Office of the President been released by the Office of Budget and Management.

The Arroyo report highlighted a comparison between the expenses of the Marcos regime from March to September, 1985, which amounted to P216,140,331.14 as against only P80,094,121.29 for the same period in 1986.

While the Aquino government spent P80,094,121.29 from March 1 to Sept. 30, this year, he said, the previous regime spent for a two-month period--January and February, 1986--the amount of P174,616,261.89.

In other words, he said, the past administration spent for two months alone more than double what the Aquino administration spent for seven months.

The expenses submitted included President Aquino's visits to Indonesia, Singapore, and the United States.

President Aquino, upon assuming office, directed Arroyo to make her office the example for frugality and fiscal restraint for other ministries and offices to follow.

Arroyo also reported that bills of public utility companies, such as Meralco, PLDT, MWSS, and Napocor from March up to the present are now being paid on time, whereas before such bills remained outstanding as far back as 1980.

So far the Aquino government has paid Meralco P19 million, MWSS 3.5 million, and Napocor P163,000. PLDT bills amounting to P39 million incurred by the Marcos administration are in the process of settlement.

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CSO: 4200/224

NATIONAL BUSINESS CONFERENCE SUPPORTS CONSTITUTION

Manila MANILA BULLETIN in English 30 Nov 86 p 25

[Article by E. Samaniego]

[Text]

The three-day 12th Philippine business conference which ended yesterday generally gave the private sector a "new sense of optimism" for the economy as it threw its all-out support to the 1986 Constitution, which it believe will further ensure stability in the country.

PBC chairman Edgardo Espiritu said this year's business conference gave the total business additional encouragement particularly with the signing of the cease-fire accord and the emergence of other positive developments in the economy.

President Corason Aquino, during the closing ceremony, surprisingly failed to touch on the economic issues raised by the private sector but

appealed for an overwhelming vote for the Constitution.

Aquino, in her speech, told the participants to the conference to stop speculations and campaign for the ratification of the charter saying that the reluctance of the private sector was more than causing instability.

While many businessmen expressed disappointment over the absence of the expected assurance on a number of economic issues raised during the conference, the private sector generally felt that a real partnership with the government has emerged.

Philippine Chamber of Commerce and Industry president Aurelio Periquet Jr., in assessing this

year's conference, indicated that this was the first time that a closer and more complementary relations existed between the government and the business sector.

On the issues raised during the three-day meeting, Concepcion Industries, Inc. chairman Raul T. Concepcion said that these were more of a fine-tuning of the problems earlier brought up to the attention of the previous government, particularly in the delivery of the credit system.

"The solutions to these problems are partly government and private," Concepcion stressed, adding that banks have to bend backward and entrepreneurs have to show they can pay their obligations even without the collateral.

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CSO: 4200/224

## KBL SPLINTER GROUP OPTS TO RATIFY CONSTITUTION

Cebu City SUN STAR DAILY in English 30 Nov 86 pp 4, 28, 31

[Text]

The six-month old political movement Alayon (Bayanihan spirit) yesterday decided to campaign for the ratification of the 1986 draft Constitution to provide economic and political stability in the country during its First Provincial Congress held at the University of the Visayas gym, this city.

Sharp division over the proposed 1986 draft charter has characterized the provincial directorate of Alayon a splinter group of the Kilusang Bagong Lipunan (KBL), that has been meeting consistently over the past weeks.

However, the amended resolution which carried the official stand also provided that Alayon members who "in conscience cannot vote for 'yes' will be given a free hand" but will not be allowed to actively campaign for their stand.

Alayon is headed by former Cebu Gov. Eduardo Gullas, who was officially elected chairman of the movement yesterday.

## 26-13 VOTE

Other resolutions passed during the six-hour congress:

- Urging President Aquino to call for local elections as early as possible;

- Condemning communism; and

- Institutionalizing the role of youth in nation-building;

- Conducting a campaign for the new registration of voters to urge the list of non-existent and flying voters.

By a margin of 26-13 votes with 14 other towns abstaining, the "yes" vote won following 30 minutes of debate over whether or not to campaign for the ratification of the proposed charter.

Each town or city was entitled to one vote.

## LEGAL SANCTION

Strongly objecting to the "yes" vote were former Cebu Provincial Atty. Delfin Quijano and former Naga Mayor Vicente Mendiola who resented the inclusion of the six-year term of President Aquino and Vice President Salvador Laurel in the draft charter.

They said it would be "giving legal sanction to the illegal existence of the government."

Their speeches were interrupted by loud cheers of delegates who apparently were in favor of rejecting the charter.

But after Constitutional Commissioner Regalado Maambong, also Alayon secretary general,

spoke on the consequences of a "no" and a "yes" vote, results of the voting went in favor of a "yes" vote.

## PROLONG

Although Maambong clarified that he is neither campaigning for a yes nor a no vote, he said the consequences of a "no" vote would mean prolonging a dictatorial type form of government since the country would return to the Freedom Constitution which gives unlimited powers to the President.

He also warned those who have plans for seeking elective office, yet are voting no, that a "no" vote would have adverse political costs if the proposed charter is approved.

He added he was one of those who objected to the inclusion of the incumbents' term in the charter but was overruled by the majority.

But he clarified that a "yes" vote does not necessarily mean a vote for Cory.

In his keynote address, Gullas said the primary consideration in taking an official stand on the charter is whether it would be good for the country and not whether it would be good for Alayon. (See separate story.)



MAKATI GROUPS UNITE BEHIND FEBRUARY REVOLUTION

Manila MANILA BULLETIN in English 30 Nov 86 pp 1, 17

[Article by Jamie Maidan Flores]

[Text] Leaders of 15 political and civic organizations in Makati formally banded together yesterday in a crusade to preserve the gains of the February revolution.

Called "Move Makati," the group is jointly headed by Augusto "Boboy" Syjuco, former Constitutional Convention (Con-Con) vice president, and Makati Nacionalista Party leader Lito de Guzman.

Preserving the gains of the February revolution can best be done by the "fusion of men and diffusion of capital," Syjuco said.

The rich and the poor of Makati should help each other in making the barangays of Makati economic production centers not only to provide employment but also to liberate the enterprising spirit of their more imaginative and energetic citizens, he added.

Other speakers lambasted the present city government for the dismissal of the barangay tanods and their replacement by "known goons and undesirable elements." They cited this as evidence that the government is plotting to tamper with election processes by intimidating the people.

The Makati government has recruited some 1,000 police characters on the pretext of maximising security as they charged. These recruits are reportedly being trained by the OIC's personal security group.

At the same time, delegates to the launching of the crusade said that they no longer have confidence in its officers having been appointed to high positions in the Aquino administration.

Trade and Industry Minister Jose Concepcion Jr. and newly appointed Public Works Minister Vicente Jayme used to be the two highest officials of the Namfrel. "The Namfrel has been unmasked as partisan," one said.

Syjuco said that the movement will seek to build a stronger middle class in the town by searching for and assisting small but viable family-based enterprises. These are the kind of enterprises, he said, that shall form the backbone of the Philippine economy.

Among the organizations represented in "Move Makati" are the Nacionalista Party, the NP-Laurel wing, the LP-Salonga wing, the Unido, the Association of Elected Barangay Captains, the Kapit Bisig, and various youth councils in the municipality.

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CSO: 4200/224

TATAD ON AUSTRALIAN VIEW OF RAMOS' ROLE

Quezon City BUSINESS DAY in English 26 Nov 86 p 4

[Article by Francisco S. Tatad in the "Here and Now" column: "Ramos as Kingmaker"]

[Text]

SYDNEY —

An Australian newspaper has suggested that former Defense Minister Juan Ponce Enrile might have been the victim of a conspiracy by ambitious rivals in the government against whom he was supposed to have been conspiring.

In a front page story signed by Barry Lowe in Manila, *The Australian* said the first public statement of the new defense minister, Rafael Nieto, added weight to the growing belief that the so-called coup scenario was deliberately promoted to embarrass Enrile.

Nieto had said there was no hard evidence to support the accusation of a plot to establish a rival government by reconvening the abolished Batasang Pambansa. "There were only rumors, but Gen. Ramos decided to take precautions just in case those rumors had some substance," he said. The alleged plot consisted of resurrecting the Batasan, electing the speaker as interim president, and throwing behind it the support of the Armed Forces.

In its editorial, *The Australian* said the sacking of Enrile was "the latest consequence of Mrs. Aquino's inability thus far to come to grips with the problems of legitimacy,

economic management and counter-insurgency strategy that have plagued her since she came to office."

The newspaper blamed the deepening crisis in the Philippines on Mrs. Aquino's "continuing indecision and lack of direction," and urged her to restore the constitutional process as quickly as possible, "and . . . hold fresh elections." She must also commit herself to dealing effectively with the challenge to democratic government posed by the NPA, it added.

Occupying the center stage as the new media celebrity here is Gen. Fidel Ramos, the Armed Forces chief of staff, who is described by Cameron Forbes in *The Sydney Morning Herald* as "a slayer of coup attempts and a defender of democracy."

But this impression is not uniformly positive. Barry Lowe sees Ramos as having planned his emergence as the country's kingmaker step by step, at Enrile's expense. This is what he says:

"For nearly a month, General Ramos pulled the strings controlling a large troupe of actors until he was ready to make his own dramatic appearance at the climax of a stage play.

"The final act appeared to have a happy ending for the strife-weary citizens of the Philippines

"The queen of light remained on her throne while the prince of dark-

ness had been banished to the far end of the kingdom.

"The queen of light's once blinding radiance had, however, become considerably subdued while General Ramos stood behind her throne with his finger on the switch ready to extinguish her luminescence forever.

"On the surface it may appear that President Aquino has successfully reasserted the principle of civilian government by curbing a rebellious military cabal which has threatened to overwhelm her.

"The military clique she neutralized, however, was merely a dissident faction of ultra-rightist firebrands who enjoyed little support in the military hierarchy.

"The mainstream of military sympathy rested squarely with General Ramos and the career-minded officers who supported his painstaking efforts to heal the divisions between the army and the government and who were concerned by the Feb. 22 coup that brought Mrs. Aquino to power.

"... in many respects, the belligerent huffing and puffing of the Enrile camp was a smokescreen for the consolidation of military influence being implanted from the mahogany-lined corridors of army headquarters and the presidential palace.

"When General Ramos said on Saturday that he was moving against the Enrile faction, he was

signaling his intention to discipline the endlessly quarrelling members of Mrs. Aquino's inefficient Cabinet.

"The purge he had engineered, which happened, Mrs. Aquino said, 'because the government needs a new start,' was aimed at the left-leaning ministers General Ramos had tolerated from the start only because it served his purpose to let them fuel the rivalries that eventually led to their isolation.

"A close analysis of General Ramos's actions during the past month, from the time Mr. Enrile's coup plot, code named God Save the Queen, first surfaced, reveals the Machiavellian directness of his purpose.

"When the Armed Forces chief first got wind that a coup was being planned — and there was strong doubt its authors ever intended to put their plan to action — he could have solved the problem discreetly by privately warning those involved the game was up.

"Instead, he chose to whip up a storm of media hysteria by publicly announcing his knowledge of the plot and issuing warnings about its seriousness.

"It was this orchestrated campaign to generate a climate of fear and foreboding that enabled General Ramos to position himself for the master stroke which would emasculate the Aquino government once and for all."

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CSO: 4200/220

CAPTURED PAPERS SUGGEST CPP SEEKS RAMOS' OUSTER

Cebu City SUN STAR DAILY in English 30 Nov 86 pp 1, 2

[Text]

**A more spirited propaganda campaign will soon be launched jointly by the National Democratic Front (NDF) and the Communist-led New People's Army (NPA) to discredit Armed Forces Chief of Staff Gen. Fidel V. Ramos and force his ouster, *Sun-Star Daily* gathered yesterday.**

A military source said the campaign against Ramos forms the second phase of the Communists' four-phase post-February revolution strategy to seize power in the country as outlined in several documents captured by the military.

"Phase I of their strategy which started in March this year was successfully concluded with the ouster of Defense Minister Juan Ponce Enrile," the military said.

As outlined in phase II, Ramos will now be the target of nationwide rallies and demonstrations seeking his removal for being an "American boy."

Enrile and Ramos led the civilian-backed military revolt which toppled the Marcos dictatorship and installed President Aquino into power.

**BLAMED**

With the defense minister out of the picture, Ramos will now be the center of accusations of growing military abuses and human rights violations.

According to these documents, Ramos should be held solely responsible for all these problems under the doctrine of command responsibility and will be blamed for derailing the peace talks with the communist insurgents.

"We must enhance the positive side of our image and seek to eliminate any negative aspects of our image through more dedicated propaganda and cadre work to project that we are supportive and protective of President Aquino against any military coup attempts," the documents read.

It called for its cadres and front organizations to constantly portray the military as evil rightist forces forever plotting to seize power from President Aquino and to carefully hide the fact that they boycotted her election.

The same documents stress the necessity of removing Enrile and Ramos before the moment of strategic decision, so that a coalition government heavily dominated by communists will take over.

## LAUREL CRITICIZES AQUINO AS 'BENIGN DICTATOR'

Sydney THE AUSTRALIAN in English 27 Nov 86 p 5

[Article by Bruce Loudon]

[Text] PRESIDENT Aquino was embroiled yesterday in a serious new confrontation as her deputy, Mr Salvador Laurel, launched a bitter attack on her, accusing her of behaving like a "benign dictator".

Mr Laurel's onslaught sent shock waves through the Government, fuelling speculation that he will, at least, be dumped from his Cabinet post as Foreign Minister when Mrs Aquino announces her new ministerial line-up.

Any overt split with the troublesome Mr Laurel could herald a dangerous new crisis for Mrs Aquino, since it follows hard on the heels of her dramatic dismissal of the defence minister, Mr Juan Ponce Enrile, for long the main spoiler in her Government.

In one sense, Mr Laurel, a veteran politician who broke with deposed president Marcos only in the closing years of the regime, is a more difficult figure to deal with than was Mr Enrile.

As the elected Vice-President he, like Mrs Aquino, has a six-year term in office, and although she may strip him of his Cabinet responsibilities she can do nothing about the fact that he is her deputy and successor in the event that anything happens to her.

For months Mr Laurel has been critical of the Government, particularly on the question of the administration's "legitimacy" and plans for a new Constitution.

But yesterday he went much further with what can only be described as an unprecedented tirade against Mrs Aquino's "freedom charter" Constitution and her methods in government.

Since last weekend's crisis over Mr Enrile, Mr Laurel has been lying low, and is in hospital with what is said to be a bad dose of flu. A speech in his name was delivered by his nephew yesterday, and in this Mr Laurel launched a bitter attack against Mrs Aquino, claiming her "freedom charter" had almost paralysed the government service.

But by far his most belligerent comment was when he described Mrs Aquino as a "benign dictator", an ugly slur in the context of her overthrow of the hated Marcos dictatorship.

## Golf

Mr Laurel's latest outburst comes at a time when there is already widespread speculation about his activities and loyalties during last weekend's crisis over Mr Enrile's alleged conspiracy to overthrow Mrs Aquino.

The Vice-President failed to attend a crucial Cabinet meeting on Sunday morning, and it has since been confirmed that he ignored the official presidential summons to the meeting. Instead he played golf.

On Sunday night after the Cabinet drama he was seen surreptitiously visiting the home of the disgraced Mr Enrile. Mr Laurel refused to an-

swer questions as to why he stayed away from the Cabinet meeting.

At the same time, rumours circulated that had the weekend coup plot succeeded, Mr Laurel would have been invited to take over from Mrs Aquino as president.

There is little that Mrs Aquino can do about his position as Vice-President. But she can dump him from the Foreign Ministry, and that is what many observers are predicting she will do.

The person tipped to succeed him introduces another dimension into the political manoeuvring in Manila.

That person is Mrs Leticia Ramos Shahani, the sister of General Fidel Ramos, the Armed Forces Chief of Staff who is regarded as the new power behind Mrs Aquino.

Mr Laurel's dog-in-the-manger attitude is an unwelcome development from Mrs Aquino's point of view. She is fresh from her victory over Mr Enrile. The cry from all quarters now is for unity and loyalty.

Mr Laurel seems determined, however, to take up Mr Enrile's mantle as the spoiler in the Government, and this seems certain to cause new anxieties for Mrs Aquino and her supporters. Many will counsel her to use the same sort of ruthless tactics against Mr Laurel that she successfully used against Mr Enrile, but the problem remains that he is her elected deputy and there is not much she can do about it at this stage.

# CACHO-OLIVARES VIEWS ADAZA-AQUINO FALLOUT

Quezon City BUSINESS DAY in English 28 Nov 86 p 4

[Article by Ninez Cacho-Olivares in the "My Cup of Tea" column: "Losing Streak"]

[Text]

Former assemblyman Homobono Adaza has been relieved by President Aquino as director of San Miguel Corporation and Philippine National Oil Company. That makes Adaza the second person, following the aborted "weekend coup," to be sacked by the President.

Adaza reacted by calling the President an "angel of vengeance" and told all and sundry that the President's action was "consistent with the Aquino government's policy of revenge," adding that "it is now obvious that the Aquino administration is Marcos administration part 2."

Adaza's spiel on television centered on the "Aquino revenge" and made it sound as though he was relieved of his directorships because his public criticism of the government which he claimed was done "on the highest and decent level." He of course went on to another level and brought in a presidential brother and a sister-in-law into the picture. He also mentioned, in typical Adaza fashion, that he performed well in his job and asked if the President could say the same about herself.

I think that if Antonio Carag, Gringo Honasan, Red Kapunan,

Felix Turingan and Rex Robles were directors or held civilian government posts, President Aquino would have done exactly the same thing she had done to Adaza. She would have sacked them immediately.

Adaza makes it sound as though he were sacked for being critical of the Aquino government. Perhaps he was. But something tells me that the reasons were much deeper than that. But if Adaza isn't saying anything, neither will I.

But no matter how hard I try to sympathize with Bono, I just can't seem to do so. He, like Juan Ponce Enrile, asked for it. And he, like Enrile, lost his credibility.

For months, Adaza has been mouthing the same Enrile spiel. Every chance he got, he spoke out on the so-called coalition government, telling everyone that there was an agreement forged among the troika members. He warned every reader, viewer and luncheon guest that the Aquino government would collapse if Enrile were out of the picture. He kept on harping on the theme that there was a need for the President to call for general elections and submit herself to an election to clear the legitimacy issue. And, like Enrile, Adaza noisily asked for the resignation of his arch-enemy, Aquilino Pimentel and three others.

Adaza's predictions have fallen flat. Enrile was asked to resign by



one member of the so-called troika and the government has not collapsed. And from reactions that have set in, the President's move has been generally regarded as a popular one. But Adaza, the prophet, hasn't given up. He continues to warn anybody who cares to listen that the removal of Enrile from the Cabinet was a "very serious matter that would certainly produce serious repercussions." He continues to make it sound as if Mr. Enrile continues to have a large following in the military establishment.

But Adaza makes a lousy seer. He wants some Cabinet ministers' heads and he has called for the ouster of local governments Minister Aquilino Pimentel and Labor Minister Bobbit Sanchez.

Although Minister Sanchez never returns my calls, I still think that he should be retained as labor minister. I also think that Minister Pimentel should be kept on as local governments minister. These are two officials who will, in the end, prove to be valuable to the President and her entire Cabinet.

If one thinks about it, who are really complaining about the performances of these two? Mostly those from the elite class and the conservatives. But the elite and the conservatives are amply represented by other ministers in the Aquino Cabinet. I need not name them. They are known to many

Filipinos and they have proven, in many instances, to be protective of the interests of the elite class.

But who are in the majority? The elite or the mass?

Big business isn't happy about having Mr. Sanchez as the labor minister. It complains about the rash of strikes since Sanchez took over. It brands the minister a leftist. It claims that investors are afraid to come because Sanchez is the labor minister. But take Sanchez out and business may discover that strikes will go on, if not escalate. Investors will not come running to this country simply because a new labor minister has been appointed. But big business will no doubt look for other reasons to explain away the problems it faces.

Aquilino Pimentel, on the other hand, has become unpopular because of the OIC controversy. But in the appointments of OICs, everyone must realize that for every appointment, half will be happy and the other half will be bitching about the installation of certain OICs. He may have made mistakes in appointing some individual as OICs, but Mr. Pimentel has been known to replace OICs when there are a lot of complaints about them.

The President will be naming replacements soon. It would be a mistake for the President to sack some of her progressive ministers simply to appease a minority in our society.

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CSO: 4200/220

GENERAL SAYS AFP AGAINST DISARMING DIMAPORO

Cebu City VISAYAN HERALD in English 27 Oct 86 pp 1, 3

[Text] A former Recon 7 commander said the military has no intention to totally disarm former Lanao del Norte governor Ali Dimaporo.

Brig Gen Jesus Hermosa, now commander of Recon 12, told local newsmen that Dimaporo cannot just be disarmed totally because "he fought with us against the rebels."

Hermosa was among the top military officials who came to Cebu to personally greet newly promoted RUC 7 commander Brig Gen Romulo Querubin. The RUC 7 chief arrived at Mactan International Airport last Saturday from Manila where he and eight other promoted military officials were officially installed by President Corazon Aquino.

Hermosa said it is just like committing suicide if the former governor will be disarmed totally.

Reacting to rumors that he (Hermosa) had been eyed to replace controversial Col Edgardo Aberina as Recon 7 commander, Hermosa said he has no more interest to be reassigned in Cebu.

"Why should I take back the command (referring to Recon 7) when my present assignment covers a wide area of responsibility."

According to him, when he was assigned to Recon 7, it was against his will "because I was happy with my assignment in Leyte."

Hermosa, then a colonel was Recon 7 commander for two years from 1980 to 1982.

He also became a controversial figure when he clashed with local radio commentators over issues involving his command.

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DAILY ON NEW LEADERSHIP IN METRO CEBU

Cebu City SUN STAR DAILY in English 25 Nov 86 pp 1, 2

[Text]

A new leadership has taken over the Communist-led New People's Army-Sparrow Unit (NPA-SU) in Metro Cebu to replace those who were killed or captured or had surrendered, Sun\*Star Daily gathered yesterday.

According to a military source, Arturo "Dodo" Ravelo, alleged head of Bayan in Talisay, Cebu and the NPA-sparrow units who surrendered to the military three months ago had already been replaced.

The source said the new leaders used to be supporters and advisers of Ravelo who is

facing murder charges before the court.

A certain Romeo Macaraya and one Mila Garcia both residents of Talisay, Metro Cebu were named as the new heads of the Communist underground movement, the source disclosed.

He said Macaraya who is not well known publicly is now calling the shots within the Sparrow units.

SIGHTED

Meanwhile, 14 unidentified armed men believed to be members of the NPA were sighted recently in the hinterlands of

Tuburan town.

The same source said this group is undertaking expansion and recruitment activities all the way to barangay Anapog in Catmon, Cebu.

The group, reportedly led by a certain "Aldong," is convincing the mountains folk to join their underground movement known as "Communist-Socialist".

Aldong, the source added, issued an order that anybody who refuses to join or cooperate with them will be advised to leave the area.

The order, it was gathered, has caused a number of residents to panic and move to the poblacion of Tuburan town where they feel more secure.

New recruits are now attending lectures there and are giving monthly contributions to support the activities of the movement, the source said.

In the hinterland barangay of Bonbon, Cebu city, an undetermined number of armed men in fatigue uniform are reportedly collecting one chupa of rice from each family.

LSE III

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CSO: 4200/220

KBL-LINKED PAPER DENOUNCES POLITICIZED MILITARY

Cebu City SUN STAR DAILY in English 23 Nov 86 p 5

[Editorial: "Restiveness in the Military"]

[Text]

There have been news reports during the last few days about military actuations which normally can be considered an aberration in the behavior of soldiers.

The military asking the President to fire incompetent ministers? The military urging Mrs. Aquino to be more decisive in her policy towards rebels? The military making noises that can be considered belligerent to the government?

Those were previously unthinkable in the Philippine situation and could have been promptly labelled then as violations of the military code of conduct.

However, since the installation of Mrs. Aquino as president, or, more accurately, the declaration of a revolutionary government, there have been changes in the power structure which constitutionalists may resist, but pragmatists will accept. These changes concern the propping of the authority of the President with the force of the military, thus necessarily allowing a sharing of power between civilian and military leaders.

It appears now that a large segment of the military - including Armed Forces Chief of Staff Gen. Fidel Ramos whom the President

counts, correctly or otherwise, as her man - believes in the "gospel" preached by Defense Minister Enrile. Enrile has been saying that the February revolution created a coalition between the President and her civilian officials, on one hand, and Minister Enrile and General Ramos and their officers on the other.

The tentativeness in President Aquino's reaction to the stirrings in the military can perhaps be explained that she is uncertain about her capability to deal with a coup, except by summoning "people power," which could also produce catastrophic results.

The passion for peace in her, often confused with weakness, is a firm foot on the brakes, at least to delay a confrontation with the forces that are destabilizing her government.

The President and her advisers may find the new stance of the military repugnant, but they have to live with it until the revolutionary regime is terminated and replaced with a constitutional government, when she will have a sturdier political framework.

The trick, it would seem, is how to placate the military without forfeiting presidential strength and integrity in the process. For it would be a crippling erosion of the office if it would become subservient to the military, with the President as an unwilling puppet whose strings are pulled by generals.

The danger, it should be clear to us, is that the military, exposed to the trappings of power, might be reluctant to yield it even when the full constitutional apparatus will have been restored.

Those who flash this danger sign say: Try getting from a dog's mouth a luscious meat-wrapped bone.

## ONGPIN ANNOUNCES END OF TAX EXEMPTIONS

Quezon City BUSINESS DAY in English 28 Nov 86 p 2

[Text]

Outside of investment incentives given to businesses to maintain their international competitiveness, most tax exemptions will be abolished and "new exemptions will be almost impossible to obtain," Finance Minister Jaime V. Ongpin said yesterday even as he urged businessmen to take advantage of current favorable conditions.

Addressing the 12th Philippine Business Conference, Ongpin said even government corporations must now pay taxes and duties in full. However, he indicated that whenever justifiable the government would give subsidies in place of tax exemptions.

He said the government would like to ensure that the cost of such subsidies would be "expi-

cit and transparent."

**CONDUCTIVE.** The minister emphasized advantages in expanding operations at present. "There will probably never be a better time to expand your business than the next few months, and (financing) will be available at much lower interest rates than you have seen in a very long time," he told the conference of the country's top businessmen. (For details on the trend in interest rates, see yesterday's story.)

"My advice is to take advantage of the situation while you can," Ongpin said. "As the demand for credit increases, borrowing will not always be as easy nor as cheap."

**EFFICIENCY.** Business operations in the next decade will require signifi-

cantly higher efficiency than in the 1970s, Ongpin also said, noting that "too often in the past it was possible for individuals to make profits simply by having the right government connections or by securing tax and duty exemptions or other forms of protection."

The country can no longer afford this kind of inefficiency, and the government has restructured fiscal policies accordingly, he said.

He said the drive towards efficiency will also affect excessive protection from imports. "Our trade liberalization program is aimed at reducing protection that fosters inefficiency, removing perceived biases against agricultural exports, and rationalizing tariff structures," he said.

He added, nonetheless, that the government does not intend to implement the program hastily. "We are, of course, giving due regard to the current state of the economy."

Ongpin said the government is aware of the state of industries and the impact of the import liberalization program on the country's balance of payments.

He cited that the government has postponed measures that might reduce demand for domestic manufactures until appropriate adjustment have been made.

Ongpin said the medium-term monetary policy will be "accommodative." He said the Central Bank has mapped out the credit levels over the period to support a return to economic growth next year.

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CSO: 4200/220

# BOL-LISTED INVESTMENTS DROP 40 PERCENT

Quezon City BUSINESS DAY in English 28 Nov 86 p 2

[Text]

The Board of Investments this year is likely to fail to even match its equity investment record in 1985 despite the expected improvement in business conditions under the new government.

New equity investments registered by the BOI in the first 10 months of the year totaled P2.25 billion, down 40% from P3.75 billion in the same period last year, Trade and Industry Minister Jose Concepcion Jr., chairman of the BOI, told the opening of the Philippine Business Conference yesterday.

Concepcion blamed the drop on the continued cautiousness and reluctance of the business sector to invest in the face of the general economic and political situation.

"Many of us were moved by the events of the February revolution but when the euphoria died down we still did not move," the minister said. "We did not get down to work. We waited on the sidelines, hoped for clearer signals, and speculated about this or that scenario."

Concepcion said that of BOI-registered investments from January to October, 52% came from local investors and 48% from foreign enterprises.

Despite their smaller amount, investments during the period created 19,423 new jobs as to 19,390 generated in January-October 1985, Concepcion said.

At the export processing zone, 10 corporations set up new operations with a total project cost of P1.13 billion, he added.

Concepcion said the BOI is veering away from its regulatory function and has started to transform itself to an investment promotion office and be concerned with actively seeking out and guiding prospective investors.

He said a draft executive order has been finalized

for creating an inter-ministry council for investment in trade, industry, tourism, agriculture, natural resources, transportation and communications, and services.

One of the most important functions of the proposed council would be to serve as a "one-stop shop action center" with representatives of all government offices to facilitate the processing of investment papers.

The BOI is also currently rationalizing and simplifying investment laws and regulations which will be consolidated into an omnibus investment code of 1986, Concepcion said.

"The code will feature a new package of special incentives that we are drawing up to be equal to or better than the new incentives now being offered by other countries in the Association of Southeast Asian Nations and the newly industrialized countries," he said.

Concepcion said the trade and industry ministry is adhering to the principle of less government competition and intervention in private business through a divestment program.

He added that his ministry coordinates with the labor ministry to promote industrial peace.

The trade and industry ministry has also signed a memorandum of agreement with 10 UP Institute of Industrial Relations covering three programs: organization of labor-management councils, home visitation program for the poorest of employees, and strengthening of companies' grievance machineries to defuse labor conflicts before they worsen into strikes, Concepcion said.

The three programs represent "pro-active, innovative and Filipino approaches to industrial relations at the enterprise levels," he said.

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CSO: 4200/220



MANILA WEEKLY URGES JUSTICE, LAND REFORM

Manila MANILA BULLETIN (Sunday Supplement) in English 23 Nov 86 p 3

[Editorial: "Justice Through Agrarian Reform"]

[Text]



The pace of agrarian reform depends a great deal on the culture. If the culture tends to be lenient in the enforcement of the law, agrarian reform is likely to be slow.

Several nearby countries completed their agrarian reform programs in a swift fashion under authoritarian regimes. They were Japan (during MacArthur's rule), South Korea and Taiwan (under martial law). Honest-to-goodness agrarian reform started in the Philippines during martial law, but 13 years later only about 30 percent of the program area was completed. The program

was not implemented vigorously despite the authoritarian character of the regime. Now the Minister of Agrarian Reform under the new administration vows that the balance of the original program area will be finished in two years. We shall see how valid this promise is.

The time for unfulfilled promises has long passed. Now what cannot be accomplished by the government by way of agrarian reform is being done by the communists in the countryside. It is common to hear absentee landowners complain that they can no longer go to their farms because they have been seized by the NPAs. Some landowners say they can get something out of their farms only if they pay a certain fee to the rebels.

Agrarian reform is based on simple justice. If the farmer has been working the land for many years, he deserves to own it because the work is back-breaking. Farm work warps the body, makes a person age before his time, and makes him neglect his intellectual equipment. Over time, the peasant acquires some of the characteristics of his beast of burden.

It is interesting to note that in Europe and in North America there is no such person as an absentee landlord. All the farms are cultivated by their respective owners and are highly productive.

That there are several articles in the proposed Constitution on agrarian reform suggests the unfinished business and the problem of implementing the program. The provisions also suggest that there were people in the Constitutional Commission who were deeply concerned with agrarian reform.

Agrarian reform is only one of the means of establishing justice in the agricultural lands. Another is the prevention of landgrabbing. It was all right in the Spanish period for a man to apply for the ownership of a parcel of land which he could mark off by horseback in a day. There was much land and few people then. But in recent years, when land had become scarce, influential people could move into a given property with their armed goons and establish possession by driving the occupants away. Such a practice contributed to the spread of insurgency in the remote provinces.

In the areas where the cultural minorities live, the government must help the people who have been unjustly evicted from their ancestral lands. That is necessary not because of the votes of those people but because it is just that it be done.

The present circumstances argue for a more effective administration of justice in the countryside. If the countryside were neglected, the cities would not long survive.

If the government today were too weak to give simple justice by way of agrarian reform to the people in the provinces, agrarian reform might not be necessary in the future.

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CSO: 4200/224

## FARM CREDIT REFORM PLANS DETAILED

Manila MANILA BULLETIN in English 30 Nov 86 pp 25, 27

[Text]

A four-pronged structural reform of the country's agricultural credit system will soon be implemented by the government to increase the flow of credit to the agriculture sector, an area accorded high priority in the new development plan.

The reform measures include the following:

1. The consolidation of all agricultural commodity-specific funds into a single consolidated agricultural loan fund (CALF) which can respond to the broader requirements of the farming systems.

Including the P3.2 billion agricultural loan fund, the consolidated financing for agriculture is estimated to reach more than P4 billion.

2. The creation of the Agricultural Credit Policy Council (ACPC) which will coordinate agricultural credit policies and

allocate agricultural credits in the financial system;

3. The strengthening and broadening of the operation of the Guarantee Fund for small and medium enterprises and the Quezon Guarantee Fund Board through the allocation of additional funds to these agencies from the Minister of Food and Agriculture; and

4. The operation of the rural bank review and rationalization committee (RBRRC) by the Monetary Board.

As envisioned, the RBRRC will consider and recommend ways and means by which the arrangements of rural banks with the Central Bank could be handled, propose reforms in the legal and regulatory structure within which the rural banks operate, and promote the participation of commercial banks in selected activities of rural banks.

The ACPC is intended to be the government's overall coordinator of agricultural financing, "with the mandate to support and facilitate private financing of agricultural enterprises."

The CALF is envisioned to be under ACPC, which will work through a network of accredited private financial intermediaries.

While the ACPC will indicate broad, wholesale objectives in lending, the intermediaries will be fully responsible for the retailing of credit to specific projects.

The ACPC will be an attached agency of the MAF. It will operate in partnership with the CB, but its governing board will be chaired by the agriculture and food minister with the governor of the CB as the vice chairman. The director-general of the National Economic and Development Authority and the minister of fi-

nance shall be members.

Initially, only those funds directly controlled by the MAF will be integrated into the CALF. Those funds administered by the CB in MAF's behalf will also be integrated into the fund. Later phases of integration will cover other agricultural funds of other ministries and, after renegotiation, foreign-sourced funds.

Initial investments from CALF funds will be in the expansion of the operations of the GFSME and the Quezon Guarantee Fund Board to support the private financing initiatives of agricultural enterprises and to provide seed funding for pioneering or new ventures.

The RBRRC, which was created by the Monetary Board last Sept. 4, will draw up

programs to rationalize the rural banking system in view of the fact that the system's net lendings to agriculture have declined in recent years, the increasing number of insolvent and closed banks, and the need for these banks to remain as conduits of agricultural credit.

/6091

CSO: 4200/224

# NAP SUPPLIES, TACTICS, POLITICAL FLEXIBILITY VIEWED

Broadway THE NATIONAL TIMES ON SUNDAY in English 30 Nov 36 p 10

[Article by T. R. Lansner]

[Text]

THE three young men resting by the roadside in Mindanao looked like any other villagers, dressed in jeans, T-shirts, sandals. But they were reading an arms manual, detailing maintenance for AK-47 assault rifles.

In their packs were bomb-making materials and tucked in the waistbands of their jeans were pistols, as suited their occupation as guerillas of the communist-led New People's Army (NPA).

The leader of the five-man group had called a halt to radio ahead for news on military patrols along our route. Upon receiving an all-clear we resumed walking along the track with the tinny blare of the hard-rock band AC-DC's song *Highway to Hell* as accompaniment.

Despite the ousting of dictator Ferdinand Marcos in February, the 17-year-old bush war here has lost little momentum. In the countryside, the fighting, and dying, goes on.

The official tally for the past nine months is fast nearing 3,000 military, guerillas, and civilian dead.

President Cory Aquino's widely shared expectation that many guerillas would abandon the struggle and support the "people power" of her new Government has all but evaporated.

Often, the only indicator of change reaching rural areas which provides the mass base of the rebellion is radio reports extolling the country's new democracy.

"Here, it's not very different," said Lito, a 25-year-old communist organiser among impoverished peasant farmers in Davao del Norte province. "Even if Marcos is gone, the basic problems of the people remain."

Rebel leaders in the region say they are willing to co-operate with the Government to implement agricultural and development programs if a lasting cease-fire is effected. But they also make clear they are not about to abandon their propaganda work or diminish their combat-readiness until a lasting peace is achieved.

Our arrival at the rebel bivouac was no surprise. Since collecting me at a remote *barrio* the day before, the guerilla group had made repeated radio contact with the camp, the central staff headquarters of the south-eastern Mindanao region.

The use of radios by the NPA is increasing rapidly, cutting further the rare instance the military is able to surprise rebel fighters. It also allows far quicker deployment of scattered guerilla units and co-ordination of attackers in ambushes and raids.

The Japanese-made radios are bought legally in the Philippines, but the ranking communist official at the camp, "Commander Jimmy", said that the \$470 price tag means there still aren't enough to go round.

The NPA is also making progress in efforts to blunt the superior firepower of Government forces. "It took us over two years to solve the problem of armoured vehicles," Commander Jimmy said.

"We tried to make bombs and mines and we failed and failed. Some went off too early, some too late. In the past two years, though, we have been making very effective ones."

The NPA has blown up several US-supplied armoured personnel carriers in Mindanao over the past 18

months. It has also mastered the making of devastatingly effective anti-personnel bombs.

At least 15 members of the army's elite Scout Rangers died (the NPA puts the figure at 30) and another 16 were wounded in a guerilla attack on the south-eastern Mindanao command in late August.

Money and food are a constant problem for the NPA. Both are raised by levying "revolutionary taxes" which one commander said were reckoned at 2.5 per cent of a family's income.

The collection is often resented, though rarely denounced publicly in the countryside. In some areas, guerillas are accused of murdering those who refuse to pay the tax.

Commander Jimmy disagrees with strong-arm tactics. "It does us great damage if we kill people who don't pay taxes. The basis for collecting taxes is political. It means people understand and support the revolution."

The continued strength of the NPA in the countryside is warning enough that

good intentions alone will never end the guerilla war. But NPA fighters in Davao del Norte seem much more concerned with bettering local conditions than any grand revolutionary strategy pronounced by party theoreticians, and more flexible than national leaders on the notion of a cease-fire.

"If the Government addresses the basic problems of the people, then there is no need for fighting," commented None, regional chief of the Communist Party. "We can have a political settlement."

"We want to help Cory so she can win the power struggle with conservatives in her Cabinet," Lili, the group's information officer, said. "The cease-fire will help those supporting the Government."

While agreeing to a truce, though, the rebels in Mindanao are also preparing for war. Bombs are made, bullets collected, propaganda work continued.

If cease-fire talks are finally abandoned, the next round of the conflict will be bloodier and more ferocious than ever.

/9274

CSO: 4200/221

# AUSTRALIAN FIRM SEEKS PROFIT RETURN ON MONTHLY BASIS

Sydney THE SYDNEY MORNING HERALD in English 27 Nov 86 p 22

[Article by Paul McGeough]

[Text]

Mr Alan Bond has told Philippines President Aquino that any Bond investment in the republic will only be on the basis that profits may be repatriated monthly.

"... and it would have to be in gold, physical gold, every month," he told a press conference after the Bond Corporation annual general meeting yesterday.

It was reported earlier this month that Bond Corporation had failed in a bid to acquire the \$US275 million (\$A423 million) debts of the Atlas Consolidated Mining and Development Corporation, the biggest producer of gold and copper in the Philippines.

However, yesterday Mr Bond said he had had talks with Mrs Aquino and her then Defence Minister, Mr Enrile, on his plans to restructure Atlas, and to get a better view of the political situation.

He said: "The opportunity is there for us to use our expertise in world markets to restructure Atlas, but the matter is now under review because of the political situation."

"There are no documents or agreements and it's early days yet."

"(But) it would be fairly easy for us to forward sell from the

Philippines and to know that things were produced at low cost."

Mr Bond said government consent was required for his plan to move gold and though it would require amendments to banking and currency laws it was a principle Mrs Aquino and her ministers "found attractive".

Bond shareholders were treated in the manner to which they had become accustomed at yesterday's AGM - the brash video on "the best year yet" was run twice ("in case you were confused first time round") and everyone was sent away with a six-pack of I. C. Cooler.

In the ballroom of the group's new \$85 million Observation City beachside hotel Mr Bond also announced that a Japanese firm had agreed to take a 50 per cent share in the proposed Bond University in Queensland.

He would not name the firm, but he said it already was involved in six Japanese universities and that Foreign Investment Review Board approval had been granted for the deal.

The company would make its own announcement, but he said it was not Kumagai Gumi, which was already involved in some Bond

projects.

The university would be a 50-50 joint venture, but in time other investors would be taken in to lift the capital from \$60 million to \$100 million.

Other points covered by Mr Bond included:

● Media - despite being well placed to expand his media operations as a result of planned changes to the law on television station ownership, he was not necessarily interested in a national network. He said: "A lot will depend on the success of our UK application - that is for one satellite that has a 15-year exclusive licence for three TV stations."

● Credit - he thought this week's Australian Ratings lift for Bond Corporation, from B to BB, was inadequate. "I thought a triple B or a single A would have been more appropriate," he said.

● Tax - the NSW Parliament's allegations of tax evasion by Bond Corporation were untrue and unfair. He said: "In the financial year to June 30 we paid out taxes of nearly three-quarters of \$1 billion - income tax, excise, customs duty, sales tax and television and radio licences."



## RICE PRICING CONTROVERSY CONTINUES

## Students Want Help for Farmers

Bangkok THE NATION in English 24 Nov 86 p 2

## [Text]

THE Student Federation of Thailand (SFT) will stage a hunger strike if the government fails to help the poor farmers by raising the paddy price.

SFT secretary general Pusit Rakongsri said the government should set paddy prices on a weekly basis and see to it that the farmers could sell paddy at these standard prices.

If the farmers have to sell at less than 3,000 baht a ton, the government should compensate them for the shortfall, he said.

About 100 SFT members will today submit a letter to the Council of Economic

Ministers, suggesting new measures which they think should be adopted by the government, making known their intention to go on a hunger strike if the government cannot raise the paddy price.

Meanwhile, PM's Office Minister Viji Sangtong reported yesterday the government is compiling information on the landlessness and indebtedness of the farmers.

The government needs this information in order to find ways and means to help the farmers obtain land to work on, he said.

Many farmers have lost their land to loan sharks who charge exorbitant interest

rates of at least 60 per cent of interest a year.

A recent survey by the Labour Department found that 60 per cent of farm workers do not hold regular jobs and their wages are low, ranging from 31 to 40 baht a day.

Suphanburi Governor Aree Wong-araya said in a televised discussion on the problems besetting the farmers last night that a great deal of Thai farmers believe that rice farming is a way of life which they cannot forego.

He suggested that the farmers in high-cost rice farming areas should be persuaded to switch to plant other

cash crops and fruits.

Deeprom Chaiwong-kiat, an agricultural expert from Kasetsart University, said the current government campaign to buy paddy from the farmers is only a short-term solution to the chronic problem of low paddy price.

One way to end the problem is to make well-off farmers quit rice farming and turn to grow fruits and vegetables, he said.

This will reduce the paddy supply and eliminate unhealthy competition between well-off farmers and poor farmers in selling paddy at the beginning of a new harvest every year, he added.

## Prem Advisors Want Fixed Price

Bangkok THE NATION in English 24 Nov 86 p 2

## [Text]

The source said the floor price should be calculated from the average rice production cost plus some profit for the farmers.

The source said the advisory board also wants the authorities concerned to keep a close watch on millers who will be granted the

Bank of Thailand's credit facility through commercial banks.

The board fears that without a close supervision some millers may

use the credit extended to them to settle old debts instead of buying paddy from farmers.

Meanwhile, deputy government spokesman Montri Chenvidyakarn reiterated yesterday the Government would not guarantee paddy prices this year because of a lack of fund.

Dr Montri was referring to the Opposition's suggestion that the Government guarantee the price of paddy at 3,000 baht per ton.

He said it would be unrealistic to set a guaranteed price because of the differences in quality and production costs of paddy from different localities.

"Besides, a lot of money will be needed and the Government simply cannot afford it," he said.

Dr Montri said the Rice Policy and Measure Committee chaired by Deputy Prime Minister Sonthi Bunyachai met for the second time yesterday and agreed to make efforts to ensure that rice farmers get prices which are higher than their production costs.

The committee will also try to push up paddy prices above last year's level and to encourage rice exports, said Dr Montri.

Other supplementary measures will be meted out to help the farmers, such as providing them with cheap fertilisers and low-interest loans.

As an immediate measure, Dr Montri said, the governor of every rice-producing province has been instructed to meet millers, farmers and officials concerned to determine what should be the right price for their province.

A budget of 400 million baht has been allocated from the Farmers' Welfare Fund for use by the governors to buy rice at the agreed prices.

### Farmers Demand 3,000 Baht/Ton

Bangkok THE NATION in English 6 Nov 86 pp 1, 2

#### [Text]

IN A meeting with Deputy Prime Minister Sontee Boonyachai, representatives of the farmers in Ayutthaya yesterday asked that the price of top grade paddy be guaranteed at 3,000 baht a ton.

They also asked that the limit on the purchase of low-cost fertilizer from the Marketing Organization for Farmers (MOF) be doubled to one ton.

Sontee, who was yesterday officially appointed to head the national committee on rice policy, does not believe that the paddy price could possibly be raised that high.

He also expressed disbelief when he heard the farmer representatives contend that the production cost of all farmers is close to the same level regardless of their locations.

"I don't believe it is so," Sontee told reporters accompanying him on the fact-finding trip to the central province.

But the retired admiral said he just realized that the farmers need more fertilizer.

He said he will report his findings to the premier and will take appropriate steps to provide the farmers with more fertilizer.

The premier yesterday formally signed an order appointing Sontee to be chairman of the committee to formulate rice policy and implement measures to assist the farmers. The premier also assigned the committee for co-ordination and follow-up of government policies, which is headed by Secretary General to the PM Prasong Soonsiri, to monitor the work of Sontee's committee.

Sontee expressed confidence that his committee will be able to defuse the crisis of low paddy and rice prices. "People on this committee are all determined to work together and be true to one another," he said.

However, one of the farmer representatives who met with Sontee remains skeptical. "I still don't see any hope that things will improve," said Neng Somnerk.

Provincial governors have been summoned to an urgent meeting at the Interior Ministry tomorrow morning to listen to a presentation on the latest government measures to help the farmers.

Meanwhile, MPs of the opposition parties will discuss the problems of low agricultural prices in a one-day seminar at Narai Hotel today.

The MPs will exchange views with academicians, rice millers, rice exporters, and representatives of the farmers. Their findings will be incorporated into a report which will be submitted to the government later.

The MPs led by Community Action Party leader Boonchu Rojanastien are working on an alternative plan to help the farmers. Their plan will call for, among other things, a guarantee of the 5 per cent paddy price at 3,000 baht a ton.

## UNEMPLOYMENT GROWS AFTER PRODUCTION CUTS

Bangkok THE NATION in English 25 Nov 86 p 17

[Article by Pornpimol A. Chalermpananupap]

[Text]

Statistics of Lay-Offs January-September, 1986

Causes	Nationwide				Bangkok				Provinces			
	Number of businesses	Number of lay-offs			Number of businesses	Number of lay-offs			Number of businesses	Number of lay-offs		
		Total	Production workers	Management executives		Total	Production workers	Management executives		Total	Production workers	Management executives
Total	882	26,613	27,291	722	449	11,493	11,063	340	433	16,619	16,228	392
Production slowdown	138	10,604	10,514	90	49	1,754	1,693	41	80	6,830	6,821	29
Temporary closure	208	7,102	6,963	139	110	3,706	3,703	45	90	3,554	3,560	94
Business folding up	523	9,964	9,491	483	297	5,766	5,554	232	136	6,199	5,947	251
End of contracts	13	343	335	10	3	133	133	2	10	208	200	8

Labour Department

**MORE than 28,000 people lost their jobs during the first nine months of this year because of production slow-down and businesses folding up.**

According to Labour Department figures, 27,291 workers and 722 management executives were laid off from 882 businesses. About 59.3 per cent of the laid-off people were in the provinces.

These figures were compiled from reports filed with the Labour Department by the businesses that have laid off these people.

A senior Labour Department told *The Nation* the number of lay-offs is certainly higher than 28,000 because many businesses do not always promptly file their reports.

Production slow-down in 138

businesses caused the lay-off of 10,514 workers and 90 executives, or 38 per cent of the total.

When 523 businesses folded up, 3,481 workers and 483 executives lost their jobs.

The temporary closure of 208 businesses also caused the lay-off of 7,102 workers and 139 executives.

In addition, 343 workers and 10 executives lost their jobs after their work contracts ended.

The labour official said most of the workers who lost their jobs (8,900 of them) were laid off from 62 large factories each of which employ over 100 workers.

Of those 523 businesses that folded up, only 17 of them were major factories; the rest consisted of small businesses which employed less than 10 workers each, the official said.

About 74 per cent of all those laid off were from the industrial

sector.

Food, beverage and tobacco industries laid off the largest number of people, 10,535 from 144 businesses.

Next was the textile industry, laying off 4,604 from 104 businesses.

Wholesalers, retailers, hotels and restaurants laid off 2,712 people in 207 businesses.

Bangkok was the area with the highest number of lay-offs, 11,403 people from 449 businesses.

The five provinces adjacent to

Bangkok (Samut Prakan, Samut Sakorn, Nonthaburi, Pathum Thani and Nakhon Pathom) saw 9,535 losing their jobs in 125 businesses.

The Labour Department has been informed that at least 501 will have to be laid off from many businesses if the economic situation does not improve at the end of this year.

Meanwhile, statistics of the Commercial Registration Department showed that 1,121 businesses (325 companies, 788 limited partnerships and 8 ordinary partnerships) folded

up during the first six months of this year.

The number of business failures increased by 13.7 per cent when compared with the same period last year.

Moreover, the demand for industrial labour during the first six months also dropped by 41 per cent from the same period last year.

Employment during the first six months of 1986 dropped 11.8 per cent from the employment level during the last six months of 1985.

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CSO: 4200/205

## LABOR LEADERS ON MERGER POSSIBILITY

Bangkok THE NATION in English 13 Nov 86 p 3

## [Text]

LEADERS of the country's two largest labour organizations yesterday expressed confidence at the prospect of their merger.

The chance of the merger between the Labour Congress of Thailand (LCT) and the Thai Trade Unions Congress (TTUC) has apparently been heightened by their successful joint campaign to push for a minimum wage rise.

LCT President Thanong Po-arn and TTUC President Paisal Thawatchainan said the chance of a merger is now very high "because our members have shown the determination to serve the workers." Both Thanong and Paisal said they only needed a little more time.

"We may need another two years before a merger. I am confident that we will eventually be able to do it because it has been proven that we can work together," said Thanong, who became the president of the LCT, succeeding Ahmad Khamthieshong after the latter was indicted for his alleged role in the abortive coup last September.

Paisal, also a former president of LCT and Ahmad's predecessor, said it is very likely that the two labour organizations can merge to enhance the bargaining power of the labour movement. He said "outside interference" in the labour movement has decreased.

Without naming names, Paisal said certain former labour leaders had "exploited" the labour movement

for personal gains. "However, I don't think there will be any problems working with Thanong. A merger of the two organizations will be a good thing," he added.

He said if the leaders of the two labour organizations are sincere toward one another "it will take less than two years for a merger."

Paisal quit the LCT to form the TTUC following his conflicts with some of the then LCT leaders, particular Ahmad and Sawat Lookdote, who is also on trial in the coup case.

Thanong said the merger will also help labour unions understand the direction of the labour movement much better.

"I used to discuss the issue with Paisal. I told him that what we need is time and sincerity," he said.

Paisal, who has reportedly shown intention to retire as labour leader, admitted that there may be attempts to create rifts between the two organizations to hinder the merger. He suggested that labour leaders seek measures to prevent intervention by "third parties."

The TTUC was formed as a rival to the LCT in August, 1982 after a group of unionists led by Paisal broke away from the LCT as a result of serious conflicts. Paisal said he didn't agree with attempts by some senior members of the LCT to get involved in politics. Ahmad was elected to replace Paisal.

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CSO: 4200/205

## EXPORT CREDIT UNIT GETS CABINET APPROVAL

Bangkok THE NATION in English 25 Nov 86 p 17

[Text]

THE Council of Economic Ministers yesterday approved in principle a proposal of the Finance Ministry to set up the Export Credit Guarantee Institution with an initial funding of 160 million baht.

Dr Supachai Panitchpakdi, the deputy finance minister, said that a working group would be set up to draw the detailed framework of the institution to be submitted to the Council of Economic Ministers in a month.

The working group would comprise representatives from the Bank of Thailand, Finance Ministry, Commerce Ministry and the Committee for Promoting Thai Business Abroad.

He said that the guarantee would cover agricultural credit and may be extended to cover contractors working abroad.

Thailand previously had a law guiding the operation of the export credit guarantee corporation. The economic ministers assessed that the same organizational concept could be used but it should operate as a limited company. The private sector such as traders and financial companies could join the government to operate this institution.

All sides would jointly make a decision and run it as a business concern, according to Supachai.

The Export Credit Guarantee Institution would kick off with a funding of 160 million baht drawn from the windfall profit the Bank of Thailand made following the baht devaluation in late 1984. Supachai however said that the actual need might not be that high if all the three sides decided to cooperate together enabling the funding to be made available from other channels.

Supachai said that the institution might work to cover commodities other than rice in order to spread its risks. It might also not provide 100 per cent guarantee for export pending the decision of the fund's management. Rice would be the first commodity it would deal with.

He said that the institution might get assistance from the World Bank since the latter would like to see a link between the Export Credit Guarantee Institution and the domestic letter of credit system.

## INSURANCE PARTICIPATION

Meanwhile, the Commerce Ministry yesterday held a meeting with non-life insurance companies' representatives to discuss their participation in the establishment of the Export Credit Guarantee Institution.

The ministry's advisor Bhoti Chanyakomol and Director General of the Insurance Office Suchai Chaovisith jointly supported the project saying it would help reduce costs for exporters, especially on fees charged by commercial banks on letters of credit negotiations, bills of lading and invoices.

They have been in contact with Dr Supachai over the matter and said that as a result of the meeting with the representatives of non-life insurance firms, the private sector feels that its participation on a big scale might not be feasible.

This was because any high-risk guarantee would have resulted in high premium and exporters would then bear high costs. The private sector wants the government to take the lead in this project.

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CS0: 4200/205

## RULE FOR MOTORCYCLE PARTS MANUFACTURE

Bangkok THE NATION in English 13 Nov 86 p 3

[Text]

THE Board of Investment has asked five motorcycle firms which received its blessings to join hands and use compatible parts and components in the production of engines locally. It also plans to offer more incentives to the promoted firms if they can use more locally-made parts than the required 30 per cent in the first year of production and are also able to export the parts.

Meanwhile, Suzuki Motor of Japan has decided to consider more investment in Thailand to produce motorbike parts for re-export to its home plants, according to Somsak Vanichyarnkul, managing director of Thai Suzuki Co Ltd, the local assembler.

The Bol move was disclosed to *The Nation* by Secretary General Chira Panupong who said the agency yesterday called a meeting with executives of the five promoted firms — Suzuki, Yamaha, Honda, Kawasaki, and Vespa (Yontrakit Motors) — to inform them of Bol's intention wanting engine production to begin within the same year.

Chira said that Bol can increase the percentage of local contents needed in the engine production more systematically if all promoted firms start production in the same year. In the first year of operations, promoted firms are required to use at least 30 per cent local contents which will then

increase annually to 40, 50, 70 and 80 per cent.

"Some companies may be ready to begin the engine production right away as they have the manpower and machinery and are likely to use more than 30 per cent local content as needed by Bol. So we've been considering how to give them more incentives if they can use more than the prescribed minimum," he said.

He said this, however, will depend on the capability and readiness of each promoted firm whereas Bol also thought about offering additional incentives to firms which can also export the locally-made engine parts.

"Additional incentives for both the use of over 30 per cent local contents in the first year of production and exports are justifiable in principle but we've been looking for the 'appropriate' systems to award incentives to the firms. The systems might also be used to promote the exports of completely-built motorcycles in the future. This will be similar to the incentive package proposed by the Industry Ministry for exporters of completely-built cars," he said.

He said further that Bol will also serve as the coordinator among the five motorcycle companies. The promoted firms will be asked to use the same parts and components in the production so as to cash in from mass production of such parts and components, he said.

He said that mass production will lead to lower price per unit for the promoted firms. For example, he said, Honda might



have ready and well-equipped facilities for in parts casting so it can produce the same parts for other promoted firms.

"We'll try to persuade all the five promoted firms to take their projects off the ground more or less within the same year. However, the firms which are ready can go ahead with their plans so that they help push other firms to follow in time of the same year," he said.

Meanwhile, Somsak Vanichyarnkul of Thai Suzuki Motor said that the Japanese decided to invest in the engine production in Thailand because of two major reasons. Suzuki of Japan earlier did not want to make additional investment here.

Somsak said that the first reason was the government's policy and regulations for the local motorcycle industry. "They (the Japanese) know that they should follow the government's policy to help develop the local industry while complying with new local contents rules," he said.

He said that the second reason, however, was the strong value of yen which has livened up prospects to produce motorcycle parts in Thailand for re-exports to third countries. The production costs in Thailand are comparatively lower than in Japan at the moment.

"We have already been promoting local production of motorcycle parts and certain parts such as harness were recently sent to Japan for testing. If the Japanese are satisfied with the quality we

might consider exporting those parts back to Japan," he said.

Suzuki Motor of Japan also has been looking for potential sales in this region to invest in the production of motorcycle parts for re-exports to Japan, he said, adding that among the prospective countries for such investment are Taiwan, Thailand, the Philippines, and Indonesia.

He said that the Suzuki operations in Thailand, however, is the biggest among ASEAN countries and the market here is also considered the largest. Indonesia used to be a very big market but its economy has depressed the demand significantly during the past year, he added.

He said that the joint venture engine project which got Bof blessings recently is one of the investments planned by Suzuki of Japan. The Japanese will have about 49 per cent shares of the project and the remainder will be owned by Thai companies including S P International Co Ltd, Toyota Thailand Co Ltd and Ban Suzuki Co Ltd.

The original Suzuki engine project which was submitted for Bof consideration involved about 929 million baht investment but it was later reviewed with sub-contractors for parts of the project. This led to a reduction of 136 million baht to 793 million baht.

Somsak said that the project will produce about 90,000 engines a year, all of which will be supplied to the assembly plant in Thailand.

## OCTOBER REVENUE DROPS

Bangkok THE NATION in English 25 Nov 86 p 17

## [Text]

THE Revenue Department has reported a total collection of 4,613.43 million baht in October, the first month of fiscal 1987, which was 2.85 per cent or 135.57 million baht below the target.

The department had expected to collect 4,749 million baht. However, the amount collected was still higher than in the same month of 1985 which was 4,407.07 million baht. The increase was 205.87 million baht or 4.67 per cent.

The collection included 1,376.53 million baht of personal income tax, compared with 1,385.57 million baht in

October 1985, down 9.04 million baht or 0.65 per cent.

The collection was still 30.47 million baht or 5.52 per cent lower than the target.

The collection of business tax amounted to 2,450.38 million baht. It was 125.62 million baht or 4.88 per cent lower than the target. But it was still 31.45 million baht or 1.30 per cent higher than the same month of 1985 which showed 2,418.93 million baht.

The department collected 31.01 million baht of exit tax, down 23.99 per cent from the target, or 43.62 per cent in

October last year, the collection was 32.02 million baht which was 1.01 million baht or 3.15 per cent higher.

The collection of corporate income tax amounted to 646.55 million baht, representing 96.55 million baht higher than the target, or 17.55 per cent. It collected 472.49 million baht in the same month of 1985 which was 174.06 million baht or 36.84 per cent lower.

Collection of duty stamp amounted to 94.53 million baht, which was 4.53 million baht or 5.03 per cent higher than the target.

## BRIEFS

**'ALLEGED COMMUNIST INSURGENTS' ARRESTED--Mukdahan--**Four alleged communist insurgents were arrested yesterday in a hut in Dong Luang subdistrict, officials said. About 10 rangers from the 22nd regiment reportedly raided the hut in Tambon Khottum and arrested Thim Kaeoma, 50, or Comrade Anan, Pieu Duangphinit, or Comrade Khanding, both of quartermaster rank, and another unidentified woman. Officials said an 11mm pistol and a hand grenade, both Chinese-made, and propaganda documents were found during the raid. Thim, alleged to have been trained in the Soviet Union, and the other suspects are being held at the Internal Security Operation Command's second zone headquarters for questioning. [Text] [Bangkok BANGKOK POST in English 5 Dec 86 p 5 BK] /6662

**CAMBODIAN HOLDING CENTER TO CLOSE--**The last Ue-run Khao I-Dang holding centre for Kampuchean refugees will close at the end of the month and 16,000 refugees living there will be moved to Site B and Site Two border camps, a senior government official said yesterday. The National Security Council, the Interior Ministry, the Armed Forces and other agencies concerned are still working out details of the move. Site B in Surin's Sangkhla District already houses about 40,000 Kampuchean refugees and Site Two in Ta Phraya District has 140,000 Kampuchean refugees and Vietnamese. Site Two, situated close to the border, is within range of Vietnamese artillery. Khao I-Dang is being closed because Kampucheans are entering it illegally and because the number of refugees accepted for resettlement in third countries had declined sharply. The official added that there are about 23,000 Laotian refugees and illegal Laotian immigrants in Thailand. He said improved Thai-Lao relations may facilitate their repatriation. [Text] [Bangkok BANGKOK POST in English 7 Dec 86 p 3 BK] /6662

**KING RECEIVES NEW ENVOYS--**On 27 November his majesty the king separately received credentials from (Eduard Leonidov Zafirov), the Bulgarian ambassador; Lombo Lomangananga, the Zairian ambassador; Clemen George Kahama, the Tanzanian ambassador; Dzon Siroka, the Yugoslav ambassador; and, Le Mai, the Vietnamese ambassador. [Summary] [Bangkok Voice of Free Asia in English 1500 GMT 27 Nov 86 BK] /6662

CSO: 4200/201

PEOPLE'S REPUBLIC OF KAMPUCHEA

NGUON NHIEL ADDRESSES LAO NATIONAL DAY MEETING

BK011233 Phnom Penh SPK in English 1120 GMT 1 Dec 86

[Text] Phnom Penh SPK December 1--A meeting in honour of the 11th national day of the Lao People's Democratic Republic was jointly held in Phnom Penh this morning by the people's revolutionary committee of the city of Phnom Penh and the National Council of the United Front for Construction and Defence of the Kampuchean Fatherland.

Addressing the meeting, Nguon Nhel, candidate Politburo member of the PRPK Central Committee and secretary of the Phnom Penh party committee, brought out the significance of the anniversary, the great achievements obtained by the fraternal people of Laos in the past eight years and the special relationship among the three Indochinese countries. He also denounced the imperialists, the hegemonists and the reactionary forces in the region for their treacherous moves to undermine the three Indochinese countries fraternal alliance, and separate them from the Soviet Union and other fraternal socialist countries. However, these moves were doomed to failure, he said adding: "Our party, government and people are proud of the constant growth of the LPDR, which has greatly encouraged not only the Kampuchean people in their national defence and construction, but also the people's fighting for their independence and freedom."

He voiced full support for the LPDR's foreign policy of friendship with other countries in the region and the world over. He said: "The party, the government and the people of the PRK fully support Laos' goodwill and well-meaning proposals put forth at the recent fourth congress of the LPRP, which aims at promoting the mutual understanding and confidence between Laos and Thailand and at normalizing the relationship with the People's Republic of China. This constructive policy will greatly contribute to building South-east Asia into a zone of peace, stability and cooperation." Nguon Nhel went on: "Greatly inspired by the successes of the Laos and Vietnam revolutions, the Kampuchean people, under the clear-sighted leadership of the PRPK and with their efforts on materializing the first five-year programme of national socio-economic rehabilitation and development so as to improve the living conditions of the people and take their country towards socialism. In addition, we

continue to strengthen our all-round cooperation with the Socialist Republic of Vietnam and the Lao People's Democratic Republic as well as with the Soviet Union and other socialist and friendly countries."

He expressed sincere and profound gratitude to the peoples of Vietnam, Laos, the Soviet Union and other socialist countries and the progressive peoples over the world for their sympathy with, assistance and support for the just cause of the Kampuchean people.

"We are convinced that all the perfidious moves of imperialism, hegemonism and reactionary forces can never check the process of the revolution of the three Indochinese peoples who will obtain more important successes in their struggle for peace and security in their respective country, in the region and the world over," said Nguon Nhel.

He voiced the Kampuchean party, government and peoples strong support for all Soviet peace initiatives and said in conclusion: "Together with the Lao and Vietnamese peoples, the Kampuchean people aspire nothing but peace, friendship and cooperation with all people in the world. In particular with the peoples in Southeast Asia. With this aspiration, the PRK together with the SRV and the LPDR are ready to contribute to finding political solutions to the problems in the region and to the 'Kampuchean problem' on the basis of elimination of the genocidal Pol Pot clique in parallel with the guaranteed withdrawal of the Vietnamese army volunteers from Kampuchea."

Speaking at the meeting, Lao Ambassador to Kampuchea Pheli Khounlaleuk affirmed that Laos' victory on December 2, 1975 was "the fruit of its long struggle against imperialism, colonialism, neo-colonialism for an independent, unified and socialist Laos."

He brought out the great achievements recorded in all fields by the Lao people under the leadership of the Lao People's Revolutionary Party. He also hailed the successes made by the Kampuchean people in the past eight years and reiterated the three Indochinese countries' willingness to enter talks with the ASEAN countries as clearly stated in the communique of the 13th conference of the Indochinese foreign ministers.

The Lao diplomat reaffirmed that the Lao party, government, and people would do all they can to preserve the special friendship, the militant solidarity and cooperation among the three Indochinese countries.

He concluded by expressing sincere thanks to the Kampuchean party, government and people for their strong support for the Lao people in their national construction and defence.

Present, among others, were Chea Soth, Politburo member of the People's Revolutionary Party of Kampuchean Central Committee, vice premier and minister of planning; Khoy Khunhuor, member of party Central Committee and president of its Commission for Propaganda and Education.

Vietnamese Ambassador Ngo Dien, Soviet Ambassador Yuri Ivanovich, Bulgarian Ambassador Leon Yossifov Beraha, Polish Ambassador Ludwik Klockowski, and other members of the diplomatic corps to Kampuchea were also present at the meeting.

PEOPLE'S REPUBLIC OF KAMPUCHEA

KUFNCD FOUNDING ANNIVERSARY MARKED

BK021324 Phnom Penh SPK in English 1140 GMT 2 Dec 86

[All quotation marks as received]

[Text] Phnom Penh SPK December 2--The December 2d taken as the entire Kampuchean peoples "Solidarity Day" by the United Front for Construction and Defence of the Kampuchean Fatherland (KUFNCD) at its third congress in December 1982 has now become a symbol of Kampuchea's revival." Say Kampuchean weekly KAMPUCHEA in its latest editorial marking the eighth anniversary of the United Front for Construction and Defence of the Kampuchean Fatherland (Dec.2).

It continues: Each year when December 2nd comes, every Kampuchean, women and men, young and old, joyfully celebrate this historic date when in 1978 the Kampuchean genuine communists and people from all walks of life escaped from the genocide committed by the Pol Pot clique of Democratic Kampuchean and grouped themselves in the then United Front for the National Salvation of Kampuchea to overthrow the Pol Pot clique the most sanguinary regime in the history of mankind.

"Over the past eight years the Kampuchean people have rallied around the front, sparing no effort to rebuild their war-torn country which was further ravaged by the genocidal Pol Pot regime, and defend their revolutionary gains against all enemy's schemes and acts of sabotage.

All the achievements recorded by the Kampuchean people resulted from the national unity and international solidarity always fostered by the Kampuchean party, government and front, from the Kampuchean people's own efforts in carrying out the noble tasks of national defence and construction and from the great sacrifices made by the Vietnamese Army volunteers who came to rescue the Kampuchean nation and to help consolidate the Kampuchean revolution.

The paper spoke of growth of the front under the clear-sighted leadership of the people's Revolutionary Party of Kampuchea, saying that it has been expanded to all grassroots levels with a total number of more than 10,000 people in all local front committees."

The paper brought out the correct policies of the party and the front, noting that freedom of religion has been restored whereas temples and mosques reopened, traditional festivals reintroduced and equality among people guaranteed. "Moreover," it says, "the party's policy regarding intellectuals carried out by the front gain momentum inside the country and abroad and make them enthusiastically join the national construction and defence.

In addition, various revolutionary movements launched by the youth, women and trade union organizations have given a strong push to the national construction and defence."

The paper also highlighted good results obtained by these mass organizations together with the entire people in the political proselytizing of people intoxicated by enemy propaganda, and praised considerable contributions of Buddhist monks to building public offices, hospitals, schools, bridges.

"Celebrating the eighth anniversary of the UFGDKF [KLENCP] and to the "Solidarity Day" of the entire people, every Kampuchean should work harder to rebuild and defend the country and strengthen our solidarity with Vietnam, Laos, the Soviet Union and other socialist countries as well as progressive people throughout the world," the paper said in conclusion.

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CSO: 4200/201



PEOPLE'S REPUBLIC OF KAMPUCHEA

CENTRAL COMMITTEE SUPPORTS NICARAGUA STAND

BK031251 Phnom Penh SPK in English 1118 GMT 3 Dec 86

[Text] Phnom Penh SPK, December 3--The Central Committee of the People's Revolutionary Party of Kampuchea has sent a message to the Sandinist National Liberation Front (SNLF) and the Government of Nicaragua expressing full support for and militant solidarity with the Nicaraguan people in their just struggle against the U.S. imperialists.

The message said:

"The U.S. imperialists' bellicose policy toward all peace- and freedom-loving peoples, especially those in Latin America, has aggravated the already tense situation in the world. They have intensified their policy of gross interference in the internal affairs of Nicaragua which is struggling to defend national independence and sovereignty. They have never ceased their schemes and slanders against Nicaragua while continuing their military, political and economic pressure on the latter. Recently, they granted an aid package of 100 million U.S. dollars to the Contras, helping the Nicaraguan reactionaries step up their sabotage activities against Nicaragua. They have sought ways and means to isolate this country from other countries in the region. The U.S. Administration has ignored the decisions taken by the Hague Court, which demanded that the U.S. Administration put an end to all its criminal attempts against Nicaragua as well as resolutions of the World Council of Peace and those of the United Nations.

"The threat of U.S. aggression [words indistinct] not only a danger to this country but also to the other countries in the region and to world peace as well.

"Together with other progressive and peace- and justice-loving forces in the world, the party, the government and the people of Kampuchean energetically condemn all acts of aggression conducted by U.S. imperialists against the sovereignty of Nicaragua. [quotation marks as received]

We demand that the United States respect all the decisions of the International Court of Justice (?at) The Hague and put an end to their acts of aggression and interference and violation against the sovereignty, and territorial integrity of Nicaragua.

We fully support the just position of goodwill of the Sandinist National Liberation Front and the Government of the Republic of Nicaragua for peace and friendship and cooperation in the region and the world over.

"We fully support the Nicaraguan peoples just patriotic struggle against the dark designs of the U.S. imperialists and their valets and for the defence of their independence, sovereignty and territorial integrity and their revolutionary gains.

"We welcome the Contadora Groups initiatives for a political solution to the situation in Central American in favour of peace and security of the people in the region.

"The entire party, the entire government and the entire people of Kampuchea voice full support for the just, shining struggle of the Nicaraguan people."

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CSO: 4200/201

BRIEFS

**THAI BORDER INTRUSIONS**--Phnom Penh SPK December 9--During 10 days ending on Dec. 3, Thailand's aircraft of L-19, F-5 and A-37 types 17 times spied over the areas of Don Sar (Siem Reap-Oddar Meanchey), Poipet, Phnum Malai, Western O Dar, Kamrieng (Battambang), Hill 309 and road 56, 1 km inside Kampuchean territory. Worthy of note is that on November 30, an A-27 plane of Thailand infiltrated 7 km deep inside Kampuchea over a region in Koh Kong Province. On sea, Thai armed vessels made 154 intrusions into Kampuchean waters from 10 to 20 miles northwest and southwest of Kaoh Kong and Kaoh Tang islands and fire, on November 30, 40 shells on the area 5 km northwest of the provincial capital of Kaoh Kong. On Laad, Thai gunners fired some mortar shells of different types on various Kampuchean border areas, including 1,250 rounds on Hill 505 (west of Pailin) and Hill 321 (northeast of Pailin). In the meantime, several groups of Polpotists and other Khmer reactionaries, supported by the Thai armed forces, on 50 occasions intruded into Kampuchean territory for sabotage activities. They were [words indistinct] the people's Revolutionary Armed Forces of Kampuchea. Three hundred and thirty six of them were put out of action and 173 assorted guns and a large quantity of ammunition seized. [Text] [Phnom Penh SPK in English 1104 GMT 9 Dec 86 BK] /6662

**MISLED RETURN IN BATTAMBANG PROVINCE**--Phnom Penh SPK Dec 2--On November 16, 33 Sereika (Sonsannians) broke with the enemy rank and reported themselves to revolutionary authorities at Sereisaophoan (Sisophon) District, Battambang Province, 300 km northwest of Phnom Penh, bringing along 32 assorted arms. The returnees recalled their hard life while in the enemy force. They were helped to rejoin their relatives and granted facilities by the revolutionary authorities and the population to embark on a new life. In the first nine months of this year, 341 such people returned to the revolution in the districts of Sereisaophoan, Moung Russel and Battambang, bring along 193 assorted guns and a quantity of ammunition. Since early this year 4,133 of such people came over to the revolution in the whole country, bring along 2,200 assorted guns and a large quantity of ammunition. [Text] [Phnom Penh SPK in English 1100 GMT 2 Dec 86 BK] /6662

**RETURNEES IN KOMPONG THOM PROVINCE**--Phnom Penh SPK November 30--So far this year, 152 persons misguided by enemy propaganda have reported themselves to the revolutionary authorities in Stoung District, Kompong Thom Province, 150 km north of Phnom Penh. They brought along 88 assorted guns, 138 hand grenades, 86 mines and a quantity of military equipment. The returnees were

provided with money, clothing and other necessities by the National Commission for the Conversion of the Misled. Thanks to the six-point clemency [as received] of the party and state, most of the ralliers joined in the revolutionary movement. They also sent letters to their friends still in the enemy ranks, urging them to report themselves to the revolutionary authorities. [Text] [Phnom Penh SPK in English 1109 GMT 30 Nov 86 BK] /6662

CUBAN ARMED FORCES DAY--Phnom Penh SPK December 6--A meeting in honour of the 30th anniversary of the revolutionary armed forces of Cuba was recently held in Phnom Penh by the Phnom Penh staff of the Kampuchean Revolutionary Armed Forces and the Kampuchea-Cuba Friendship Association in the presence of El Vansarat, member of the People's Revolutionary Party of Kampuchea Central Committee and deputy minister of national defence. Also present on the occasion was Cuban Ambassador to Kampuchean Viriato Mora Diaz. Addressing the function, Nhek Huon, deputy chief of General Staff of the People's Revolutionary Armed Forces of Kampuchea, warmly hailed the remarkable achievements recorded by the people and armed forces of Cuba over the past 30 years under the clear-sighted leadership of the Communist Party of Cuba in advancing their country towards socialism. He expressed his conviction that the ties of militant solidarity and cooperation between the two peoples particularly the two Armed Forces of Kampuchea and Cuba will further consolidate and develop. [Text] [Phnom Penh SPK in English 1109 GMT 6 Dec 86 BK] /6662

CSO: 4200/201

## PHAM VAN DONG RECEIVES CUBA'S HIGHEST HONOR

OW240143 Hanoi Domestic Service in Vietnamese 1100 GMT 20 Dec 86

[Text] On 20 December 1986 at the presidential palace, empowered by the Cuban Council of State, Comrade Jorge Risquet, member of the Politburo and secretary of the Communist Party of Cuba (PCC) Central Committee and head of the PCC delegation to the Sixth CPV Congress, conferred the Jose Marti Order, Cuba's highest distinction, on Comrade Pham Van Dong in honor of his 80th birthday.

President at the conferment ceremony were Nguyen Van Linh, general secretary of the CPV Central Committee, Truong Chinh, Le Duc Tho, Nguyen Huu Tho, Vo Chi Cong, Nguyen Co Thach, Dong Sy Nguyen, Tran Xuan Bach, Nguyen Khanh, Huynh Tan Phat, and other Vietnamese party and state leaders. Members of the PCC delegation were also present at the ceremony.

In his speech, Comrade Jorge Risquet expressed his pleasure at presenting Comrade Pham Van Dong with the Jose Marti Order, named after the great Cuban revolutionary fighter and reserved as an award for achievements of world revolutionary leaders and those who have made outstanding contributions to the liberation of nations from the domination of capitalism, imperialism, colonialism, and neocolonialism and to the realization of proletarian internationalism for the sake of friendship toward the Cuban revolution and people.

Comrade Jorge Risquet stressed: We deem it unnecessary to talk about Comrade Pham Van Dong's beautiful biography which is well-known and admired by the Cuban people or to offend his modesty by specifying all the reasons for the award presentation by the Cuban party, state, and people. In the case of Comrade Pham Van Dong, any praise is unnecessary. We can only say that we are moved to be able to represent Comrade Fidel Castro in pinning the Jose Marti Order on his chest.

After receiving the noble award, Comrade Pham Van Dong expressed sincere thanks to the Communist Party, state, and people of heroic Cuba for presenting him the award, considering it a high evaluation of his contributions to the Vietnamese revolution and to the world revolutionary movement, especially the contributions toward building friendship and militant solidarity between the two parties and nations of Vietnam and Cuba. He stressed that this noble award was also a common honor bestowed by the Cuban state on the Vietnamese communists and people.

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CSO: 4209/143

## NHAN DAN RAPS U.S. ACTS AGAINST CUBA, NICARAGUA

BK130940 Hanoi Domestic Service in Vietnamese 1430 GMT 12 Dec 86

[NHAN DAN 12 December commentary: "Immediately Check Washington's Intervening Hands"]

[Text] The recent odious acts of intervention made by the Reagan administration against Cuba and Nicaragua are seriously straining the situation in Central America and [Words indistinct]. It sent 5 aircraft from Honduras to conduct bombing raids in Nicaraguan territory, killing 7 persons and wounding 14 others, including Nicaraguan border guards, women, and children. Even more arrogant, Reagan also ordered U.S. military aircraft to carry Honduran troops to the Nicaraguan border and stand ready to engage in fighting against independent and sovereign Nicaragua. Noteworthy is that on the morning of the following day, 8 December, a U.S. SR-71 aircraft brazenly made a spying overflight in Cuba's airspace. This was the seventh time since that the Reagan administration had sent its aircraft to violate the airspace of this free island.

Cuba and Nicaragua have, however, reacted with calm and determination. The Cuban Government sent a note protesting Washington's act. Nicaragua, after condemning the new crimes committed by the United States, asked the United Nations to send an investigating team to restore peace in the border area near Honduras. Havana has again become the site for seething anti-U.S. demonstrations and meetings were ironclad slogans such as: Down with the U.S. imperialist aggressors, No one here will surrender, The fatherland or death, and We will surely win; were reverberating. The strategic exercise conducted by the Cuban Armed Forces and people in the spirit of the people's war from 7 to 11 December continues and still receives new momentum.

This is obviously a new, extremely dangerous step of escalation taken by the U.S. imperialists in pursuing their policy of intervention and aggression against nations in that region. However, Washington's action does not in the least take the heat off of the scandals behind the Reagan administration's secret arms sale to Iran and clandestine transfer of dollars to the Contra mercenaries which the U.S. public consider a new, yet no less odious, Watergate; instead, it only further exposes the U.S. imperialists' warlike and stubborn nature.

For many years now, the Reagan administration has spared no base trick to oppose and undo the Nicaraguan revolution. It has successively launched campaigns of economic encirclement and political blockade and used mercenaries to wage an



undeclared war against Nicaragua. Not only American advisers, but also American soldiers have directly participated in that war. More than 6,000 U.S.-equipped and -trained mercenaries who are holding blocking positions in Honduran territory along the Nicaraguan border have frequently crossed over to disrupt the peaceful life of the Nicaraguan people. In the first 10 months of this year, U.S. aircraft flew 169 spying missions in Nicaragua's airspace. To date, U.S. forces, acting in coordination with allied forces in the region, have conducted 13 large-scale joint military exercises aimed at threatening Nicaragua and suppressing the revolutionary struggle movement of the peoples of various countries in the region. Using these military exercises as a pretext, the Washington administration is maintaining in Honduras approximately 4,000 American soldiers, together with a large quantity of modern weapons and military equipment, and is trying to turn Honduras into a counterrevolutionary springboard for attacks against Nicaragua. The U.S. 82nd Air Force Division has long received orders to get ready for an invasion of Nicaragua.

In spite of their great ambition, the aggressors cannot do whatever they please. The movement of revolutionary struggle of the Central American, Caribbean, and South American peoples has developed incessantly and grows stronger with each passing day. A series of U.S.-lackey dictatorial military regimes have collapsed one after another. The awakening of the sense of national independence in the entire Latin American continent, especially following the Malvinas incident in 1982, has further isolated the United States right in its traditional backyard.

Peace, stability, cooperation, and progress now constitute the general trend and pressing requirement for the Latin American countries to extricate themselves from the current, serious economic crisis. The positive activities conducted so far in search of a peaceful solution to the Central American issue by countries of the Contadora Group and those countries supporting it—which cover over two-thirds of the area and population of Latin America—originate first of all from this reality. With the Vietnam lesson, the majority of the American people, including many statesmen, do not want to see the United States bogged down in Central America and suffer unforeseeable, disastrous consequences in that region as well as in the rest of the world. Uncle Sam is going downhill.

The Reagan administration is really caught in an embarrassed and passive position in the face of the development of the situation in Latin America, especially Central America. Disregarding the earnest aspirations of the Latin American nations, as well as of the American people for independence, peace, stability, cooperation, and progress, it is ill-advised for it to deliberately pursue a military solution and consequently plunge into a dead-ended, solitary, and dark road.

To touch Cuba and Nicaragua is to brazenly challenge hundreds of millions of struggling Latin Americans and to disturb the conscience of all progressive mankind. The recent acts of the Reagan administration against Cuba and Nicaragua grossly violated international law and the UN Charter. The anti-U.S. spirit in the Latin American continent and the Caribbean increases with each passing day. Washington must bear responsibility for all the consequences arising from the serious situation it caused in that region.



## FOREIGN MINISTRY CONDEMNS U.S. ROLE IN NICARAGUA

BK120522 Hanoi Domestic Service in Vietnamese 1430 GMT 10 Dec 86

[Text] Today, 10 December, the SRV Foreign Ministry spokesman issued a statement on U.S. acts of war escalation against Nicaragua. The statement says:

On 7 December, U.S. aircraft repeatedly bombed Winilli and some other areas in northern Nicaragua, causing heavy losses of life and property to the Nicaraguan people. This act took place at a time when thousands of U.S. troops, supported by tanks and warplanes, were engaged in a so-called joint military exercise on Honduran territory close to the Nicaraguan border, and when the United States was slanderously charging that Nicaraguan troops had penetrated into Honduran territory.

In fact, this is a new and extremely serious move of escalation of the United States against the Republic of Nicaragua, causing an extremely tense situation in Central America and the Caribbean.

Undertaken at a time when the whole world is severely condemning the U.S. diversion of profits from its secret arms sales to Iran to the reactionary Contras, this act of war escalation further proves that the Reagan administration is stubbornly pursuing a policy of interference and aggression against Nicaragua despite the protest of the American and world people.

This is also an arrogant challenge to the people of Nicaragua, other Latin American countries, the countries of the Non-Aligned Movement, and justice- and peace-loving forces all over the world, which grossly tramples on international law and the UN Charter.

The SRV Government severely condemns this act of aggression by the United States and demands that the U.S. Government puts an immediate and unconditional end to all hostile acts against Nicaragua and, at the same time, responds to the Nicaraguan Government's goodwill by entering into negotiations to peacefully solve all problems in the region.

The people and government of the SRV once again affirm their full and strong support for the just struggle of the fraternal people of Nicaragua aimed at defending and building a new Nicaragua. They firmly believe that all hostile schemes and acts of aggression by the U.S. imperialists against Nicaragua will certainly be defeated by its heroic people.

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CSO: 4209/186

## AUSTRIAN TV REPORTS SITUATION IN SRV, INTERVIEWS THACH

AU171342 Vienna Television Service in German 2015 GMT 16 Dec 86

[Report by Austrian television correspondent Michael Brauner on the current situation in the SRV, including parts of an interview with SRV Foreign Minister Nguyen Co Thach recorded in English with superimposed German translation; date and place of interview not given--videotaped; passages of interview recorded in original English between slantlines]

[Text] The war psychosis of the Vietnamese people is the heritage of thousands of years of defense against Chinese, Mongols, Japanese, French, and Americans--and, most recently during the 1979 border war, against the Chinese again. In their rubber shoes and with their shabby equipment, the Vietnamese soldiers can easily be underestimated. But the typically Vietnamese toughness and perseverance are mixed with a fatal militant spirit--as if war were some kind of popular sport.

[Begin interview] The conflict in Cambodia is actually not a real war, the Vietnamese foreign minister appeases. Military operations of this kind are also carried out in other states of this region. /But the main danger is from the north, that is, at the border between China and Vietnam. That is where there is really--how to say--a very potential danger of war./ [End interview]

This [film clip of Soviet Embassy] is the Soviet Embassy in Hanoi. More than 6,000 military advisers and engineers in Vietnam are being coordinated from here. For 20 years, Ho Chi Minh's comrades had pursued a policy of equidistance between Moscow and Beijing. But after the reunification of North and South Vietnam, Hanoi broke relations with China and became more and more dependent on the USSR.

Today, the invincible Vietnamese have become--as these pictures [of the CPV Congress] seem to show--the representatives and pioneers of Soviet interests of power in Southeast Asia.

Here, at the construction site of a bridge near Hanoi, the body language reveals the undertones of Soviet-Vietnamese relations. The Russians are in command here.

Vietnam now receives one quarter of all the Soviet Union's aid to foreign countries, that is 70 to 100 million rubles per day.

[Begin interview] /Some people say that now we are independent only on the Soviet Union, we could not have independence./ This is slander, the foreign minister says with annoyance. In mankind's history there has been no other country that has suffered as much under aggression from abroad. /Only in Vietnam we have had to pay so much blood for our independence./ [End interview]

But the bloodletting continues--at the border with China, because of the occupation of Cambodia by 160,000 Vietnamese soldiers. Again and again, as a gesture of good will, Hanoi has announced a partial withdrawal of troops--as these pictures show. But this is mostly only the substitution of fatigued units. The war in Indochina, in which Cambodians and Vietnamese are bleeding to death as surrogates for Russians and Chinese is continuing for an uncertain period.

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(30): 6620/3

## GDR'S KROLIKOWSKI ATTENDS CPV CONGRESS IN HANOI

## Addresses Congress

LD161114 East Berlin ADN International Service in German 0809 GMT 16 Dec 86

[Text] Hanoi, 16 Dec (ADN)--Werner Krolkowski, member of the SED Central Committee Politburo and First Deputy Chairman of the GDR Council of Ministers, in Hanoi on Tuesday conveyed to the Sixth Party Congress of the Communist Party of Vietnam (CPV) most fraternal militant greetings from the SED, its Central Committee and its General Secretary, Erich Honecker, and from all the people of the GDR. The SED and the CPV, and the two peoples and states, are linked by a deep, traditional friendship, he said. The warm personal links between Wilhelm Pieck, the first president of the German workers' and peasants' state, and the respected President Ho Chi Minh, as well as the great movement of solidarity of the people of the GDR with struggling Vietnam, remain unorgotten.

The alliance of the two parties and states has withstood the tests of time and has proved itself to be durable and reliable. As Erich Honecker stressed, this friendship has "always developed under clear skies. Nothing can cloud over those skies."

Werner Krolkowski stressed the fact that the treaty on friendship and cooperation in mutual relations concluded in 1977 is being fulfilled in an ever more comprehensive way. A fruitful exchange of ideas and experiences characterizes the trusting cooperation between the two parties. Trade and diverse forms of economic cooperation are developing rapidly. Thousands of young Vietnamese are training in the GDR for tasks in the reconstruction of their homeland. Specialists from the GDR are fulfilling their class assignments in the coffee-growing region of the province of Duc Lac, in the forest economy and in higher education in Vietnam. There is good progress in working out a long-term program of economic and scientific-technological cooperation up to the year 2000. The SED and the people of the GDR will wholeheartedly continue to show fraternal Vietnam all-round and effective support in socialist construction.

The speaker said that the decision of the 11th Party Congress of the SED brought even more into play the particular advantages and driving forces

of socialism and he referred to the diverse competitive initiatives among the workers for the implementation of those decisions.

The leader of the SED delegation underlined the fact that there is a firmly-rooted awareness among the people of the GDR that every good deed for the strengthening of socialism makes peace more secure. The citizens of the GDR also give passionate support to the courageous policy of the Soviet Union and of all other member states of the Warsaw Pact, directed as it is at avoiding the danger of a nuclear catastrophe; the GDR makes an active contribution toward the elaboration and implementation of this policy. The objective of the joint struggle now is to eliminate nuclear weapons from the world and to prevent a new round of the arms race, and above all its extension into space. The Soviet-U.S. meeting in Reykjavik offered a great historical opportunity for this. It remained unused because the U.S. Administration placed its dangerous and futile striving for military superiority above the interests of mankind.

Nevertheless, Werner Krolikowski went on, Reykjavik was a great gain. The peoples' awareness of the possibility of a lasting and secure peace is now heightened. The requirement of the day is to support a basic change in international relations, together with all forces of reason and realism in the world. Asia and the Pacific have increasing importance in this. The SED fully and totally supports the complex proposals contained in the speech by Mikhail Gorbachev at Vladivostok for the solution of problems in that part of the world, in the interest of peoples' peace and security.

The GDR also prizes highly the persistent efforts of the Socialist Republic of Vietnam, the Lao People's Democratic Republic and Democratic Kampuchea for dialogue and understanding in Southeast Asia, as well as their joint constructive proposals to resolve outstanding issues by negotiation and to normalize relations with neighboring states.

The recent official and friendly visit by Erich Honecker to the DPRK, the PRC and the Mongolian People's Republic ranked as an important contribution in the struggle to strengthen socialism and for the active collaboration of all socialist states for preserving peace.

Werner Krolikowski said that the SED assumes that the results of this visit will have a positive effect on international relations and will measure up to the great responsibility which the communists and all peace-loving forces are fulfilling in the present tense times.

## Further Report

AU181658 East Berlin NEUES DEUTSCHLAND in German 17 Dec 86 p 6

[Report on speech given by Werner Krolikowski, Politburo member and first deputy chairman of the GDR Council of Ministers, at the Sixth Congress of the Communist Party of Vietnam in Hanoi on 16 December]

[Text] On Tuesday [16 December] Werner Krolikowski began his speech in Hanoi's Ba-Dinh Palace by conveying the fraternal militant greetings of the SED, the Central Committee, and its General Secretary Erich Honecker to the delegates of the Sixth Congress of the Communist Party of Vietnam [CPV], all communists, and the working people of the SRV.

He said that the SED delegation is following with great interest the sixth party congress, which--loyal to the teachings of Marxism-Leninism--is taking stock of the decade of the socialist construction in reunited Vietnam after the historic victory over the U.S. aggressors, is discussing and going to decide the new tasks and objectives for further building socialism and for the struggle for peace.

### Vietnam's People Fulfill a Historic Task

The speaker expressed a great respect for the industrious and altruistic work of Vietnam's Communists and working people. In spite of the extraordinary difficult conditions and strains in building and defending their home country, many branches of industry and agriculture have taken a considerable upswing, and the foundations of the socialist society have been consolidated.

Much has been done, and this sixth party congress will decide on further measures to heal the severe wounds of war, to improve and ease people's lives, to make possible education and health care for everybody, and to develop the creative skills and the great industry of the Vietnamese workers, peasants, and intellectuals in such a way that the country's riches are brought to bear better for everyone.

We share your pride, Werner Krolikowski said to the delegates, in your free and beautiful country, in its international authority, its solidarity with the peoples of Cambodia and Laos, in its respected place in our family of socialist peoples. And we are certain that, inspired by the important decisions of this sixth congress of your Communist Party, the Communists and the entire Vietnamese people will fulfill their historic task and will proceed with confident steps on the path toward socialism.

In the same way as you have the solidarity support of the glorious Soviet Union and of the other fraternal socialist countries, our socialist GDR will also always loyally stand at your side in firm friendship, fraternal cooperation, and solidarity, the head of the SED delegation stated.

The SED and the CPV, and both peoples and states are linked by a deep, traditional friendship. The cordial, personal relations between Wilhelm Pieck, the first president of our worker-peasant state, and the esteemed President Ho Chi Minh are unforgotten, and also the great movement of the GDR people's solidarity with struggling Vietnam.

The alliance of the two parties and states has withstood the tests of time and has proved itself to be durable and reliable, said Werner Krolikowski. As Comrade Erich Honecker stressed, this friendship has "always developed under clear skies. Nobody and nothing can cloud over these skies."

The treaty on friendship and cooperation concluded in 1977 is being fulfilled in an ever more comprehensive way in mutual relations. A fruitful exchange of ideas and experiences characterizes the trusting cooperation between the two parties. Trade and diverse forms of economic cooperation are developing rapidly. Thousands of young Vietnamese are training in the GDR for tasks in the reconstruction of their homeland. Specialists from the GDR are fulfilling their class assignments in the coffee-growing region of Dac Lac Province, in forestry, and in higher education in the SRV. There is good progress in working out a long-term program of economic and scientific-technological cooperation up to the year 2000.

The SED and the people of the GDR will wholeheartedly continue to give manifold and effective support to fraternal Vietnam in building socialism, the speaker assured.

#### On the Tested Path of Intensification

He informed the delegates of the basic decisions taken by the 11th SED Congress for further shaping the socialist society in the GDR. The comprehensive socialist competition is yielding good results. Under the slogan "My workplace is my combat station for peace" the GDR working people have achieved high performances.

The decisions of the 11th party congress, Werner Krolikowski said, have brought even more into play the particular advantages and driving forces of socialism. The GDR is achieving the objective to reach a considerable performance increase in the national economy on the tested path of comprehensive intensification by broadly applying top modern science and technology. As the latest Central Committee session noted, in the GDR it is important to continue the course of the main task in its unity of economic and social policy with new successes.

The dynamic economic growth is consistently ensured through the creative hard work of every individual. The GDR citizens have deep trust in the SED's policy because it is of benefit to them.



## To Ban Nuclear Weapons from Earth

The GDR is realizing its plans in closest cooperation with the Soviet Union and the other fraternal countries, Krolkowski said. It considers deepening the socialist economic integration of the CEMA countries to be an important guarantee for a stable, dynamic development of the national economies. Therefore, the SED noted with satisfaction the results of the latest exchange of opinions of the general secretaries of the fraternal socialist countries in Moscow--results which are of historic significance for consolidating the unity and effective cooperation of the countries of the socialist community.

Among the people of the GDR there is a firmly-rooted awareness that every good deed to strengthen socialism makes peace more secure. The GDR citizens also give passionate support to the courageous policy of the Soviet Union and of all other member-states of the Warsaw Pact, directed as it is toward avoiding the danger of a nuclear catastrophe; the GDR makes an active contribution to working out and implementing this policy.

Now, more than ever, the joint struggle has to be aimed at making nuclear weapons disappear from our planet, at preventing a new round of the arms race and, in particular, at preventing its extension into space. Werner Krolkowski said that the implementation of the socialist countries' peace program, which has been inspired by the Soviet Union, which is supported more and more by people all over the world, and which contains the real possibility of preserving world peace, would take an enormous load off the shoulders of mankind and, at the same time, would free urgently needed means to overcome hunger and underdevelopment. The Soviet-American summit in Reykjavik offered a great historic chance for this. But this chance remained unused because the U.S. Administration put its dangerous and futile striving for military supremacy above the interest of mankind.

Nevertheless, the delegation head continued, Reykjavik was a great gain. The people's awareness of the possibility of a lasting and secure peace is now heightened. The need of the hour is to support a basic change in international relations, together with all forces of reason and realism in the world.

## For Reaching an Understanding in Southeast Asia

In this, Asia and the Pacific area are gaining an increasing importance. The SED fully supports the comprehensive proposals contained in the speech by Mikhail Gorbachev, general secretary of the CPSU Central Committee, in Vladivostok for the solution of problems in this part of the world, in the interest of peace and the peoples' security.

We also highly appreciate the SRV's, the Lao People's Republic's and the PRK's steadfast efforts to achieve dialogue and understanding in Southeast Asia, their joint constructive proposals for settling contentious issues

by means of negotiations and for normalizing the relations with the neighboring states, Werner Krolikowski said and went on: The official friendship visit of Erich Honecker to the DPRK, the PRC, and the Mongolian People's Republic is an important contribution in our struggle to strengthen the positions of socialism and for more active cooperation between all socialist states to preserve peace. Our party assumes that the results of this visit will have a positive effect on international relations and will measure up to the great responsibility which the Communist and all peace-loving forces are fulfilling in the present, tense time.

Deeply impressed by the militant atmosphere of the party congress, the head of the SED delegation wholeheartedly wished the Vietnamese Communists and the fraternal Vietnamese people success in implementing the decisions of the sixth party congress.

He concluded his speech with cheers for the battle-tested CPV, the Vietnamese people, the glorious Vietnamese People's Army, the unshakable friendship between the SED and the CPV, between the peoples and states, and for socialism and peace.

#### Meets With Committee Chairman

LD181418 East Berlin ADN International Service in German 0708 GMT 18 Dec 86

[Text] Hanoi, 18 Dec (ADN)--Werner Krolikowski, head of the GDR delegation to the Sixth Congress of the Communist Party of Vietnam, member of the SED Central Committee Politburo and first deputy chairman of the GDR Council of Ministers, stressed in Hanoi today the indissoluble solidarity of the GDR people with the fraternal Vietnamese people. During a meeting with Prof Hoang Minh Giam, chairman of the Vietnamese Committee for Solidarity and Friendship with Other Peoples, he said that this solidarity reflects the deep feelings of friendship and alliance with Vietnam. It also means that the Treaty of Friendship and Cooperation concluded between the two countries in 1977 has been given substance to a high degree.

Prof Hoang highly praised the valuable help and many years of support. He asked that his sincere thanks be extended to the SED, its Central Committee and General Secretary Erich Honecker and also to the GDR Government and people.

#### Received by Nguyen Van Linh

LD200956 East Berlin ADN International Service in German 1408 GMT 19 Dec 86

[Text] Hanoi, 19 Dec (ADN)--Nguyen Van Linh, general secretary of the Communist Party of Vietnam [CPV], received on Friday the head of the SED delegation to the Sixth Congress of the CPV, Werner Krolikowski, member of the Central Committee Politburo and first deputy chairman of the GDR

Council of Ministers. During their friendly meeting, Werner Krolikowski conveyed Erich Honecker's congratulations to Nguyen Van Linh on his election. He praised the successful course of the CPV Congress, which has been aimed at doing everything for the welfare and happiness of the Vietnamese people.

Werner Krolikowski underlined the traditionally close solidarity and alliance between the two parties, states and peoples. Even though Vietnam and the GDR are far apart, the hearts of the peoples in the two countries are very close. The GDR will continue under the SED's leadership to render solidarity and aid to that fraternal Southeast Asian country in its difficult construction work.

Nguyen Van Linh expressed warm appreciation for Erich Honecker's congratulations and asked Krolikowski to convey fraternal greetings to the General Secretary, the SED Central Committee and all GDR communists on behalf of the CPV Central Committee. He paid tribute to the GDR's solidarity and support in the years of struggle against U.S. aggression and in the ensuing years of peaceful construction.

He recalled the training of valuable technical cadres. The enterprises and workshops equipped by the GDR are a concrete and effective form of aid. Cadres from the GDR helped to build enterprises in Vietnam and pass on experiences of labor organization.

The General Secretary underlined that the CPV has also gained useful experiences from the SED's political work. He is certain that the close, friendly alliance between the CPV and SED and between Vietnam and the GDR will continue to strengthen and develop.

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CSO: 4620/8

## CZECHOSLOVAK DELEGATION VISITS VUNG TAU-CON DAO

BK231350 Hanoi Domestic Service in Vietnamese 1430 GMT 21 Dec 86

[Text] On the afternoon of 20 December, the Czechoslovak delegation to the sixth congress of our party visited the Vung Tau-Con Dao special zone. The delegation was led by Comrade Josef Kempny, member of the Communist Party of Czechoslovakia [CPCZ] Central Committee Presidium and chairman of the National Council. Comrades Le Quang Thanh, member of the party Central Committee and secretary of the special zone party committee; Nguyen Hoang Thuyet, chairman of the special zone people's committee; and many other leaders of the special zone welcomed the delegation on behalf of the party organization and people of the special zone.

Comrade Le Quang Thanh warmly welcomed the Czechoslovak Communist Party delegation's visit to the special zone. The special zone party committee secretary briefed the delegation on the achievements of the special zone in socio-economic development and the future guidelines for development. He wished the Czechoslovak Communist Party delegation success during its visit to Vietnam.

Speaking at a reception for the delegation, Comrade Josef Kempny, head of the CZCP delegation, praised the success of the Sixth CPV Congress and expressed the special sympathy of the party, government, and people of Czechoslovakia for the Vietnamese people's task of national construction and defense. He said: The Vietnamese people are diligent, intelligent, and creative. They have struggled very heroically. With such a valuable tradition, our delegation is convinced that under the leadership of the CPV, they will successfully build socialism.

On 21 December, the CZCP delegation successfully concluded its visit to the Vung Tau-Con Dao special zone.

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CSO: 4209/195

## BRIEFS

SRV-USSR EMULATION PLEDGE--To score achievements in honor of the Sixth National Party Congress, Vietnamese workers and Soviet experts at the Lao Cai apatite mine are emulating by stepping up production during the last days of the year. They have increased the transportation of ore in each shift from 3 to 5 times and pledged to exploit 250,000 metric tons of type-1 ore and 52,000 metric tons of type-2 ore. [Summary] [Hanoi Domestic Service in Vietnamese 2300 GMT 4 Dec 86 BK] /12232

KIM IL-SONG'S CONGRATULATIONS--On 19 December 1986, Comrade Kim Il-song, general secretary of the Korean Workers Party Central Committee, sent the following message to Comrade Nguyen Van Linh, general secretary of the CPV Central Committee: On behalf of the Korean Workers Party Central Committee and on my own behalf, I would like to convey my warm congratulations to you on the occasion of your election as general secretary of the CPV Central Committee. On this occasion, I wish you achievements in the performance of your duties which are full of responsibilities to implement thoroughly the Sixth Party Congress resolution. [Text] [Hanoi Domestic Service in Vietnamese 2300 GMT 23 Dec 86 BK] /6662

YSP OFFICIAL, PARTY LEADER MEET--Comrade Truong Chinh, the secretary general of the CPV [Communist Party of Vietnam], in Hanoi yesterday received Brother Muhammad Haydarah Masdus, candidate member of the Central Committee and first secretary of the committee of the party organization in the Governorate of Lahj. Brother Masdus arrived in the Vietnamese capital the day before yesterday (13 Dec) leading a GSP delegation to attend the Sixth CPV Congress. During the meeting, which was attended by a number of CPV members, Brother Masdus conveyed the greetings and congratulations of the YSP leadership on the occasion of the convening of the Sixth CPV Congress. He also gave a detailed briefing on the dimensions of the 13 January bloody conspiracy imposed on our party and people and the measures taken by the party and the government of the revolution to overcome its aftermath. The Vietnamese leaders stressed the principled and consistent attitude of their party and people towards our party and revolution in the struggle against the imperialist and reactionary designs being hatched against our region in particular. Our country's party delegation yesterday laid a wreath on the grave of Ho Chi Minh. It also visited the military museum and the National Economy Fair. [Text] [Aden Domestic Service in Arabic 1630 GMT 15 Dec 86] /9604

CSO: 4604/8

## REPORT ON 16 DEC AFTERNOON CONGRESS SESSION

BK162145 Hanoi Domestic Service in Vietnamese 1430 GMT 16 Dec 86

[By radio correspondent Kim Cuc]

[Excerpts] Dear friends, this afternoon's session of the sixth party congress was held in the conference hall under the direction of Comrade Pham Hung. At this session, the delegates heard the warm greetings imbued with lofty internationalist sentiments sent from communist and workers' parties and revolutionary movements to the communists and people of Vietnam and the fatherland of President Ho Chi Minh.

The session was opened with the hearty and warm greetings of Comrade Luis Carrion Cruz, member of the Sandinist National Liberation Front, revolutionary commander, and head of the delegation of Sandinist National Liberation Front of heroic Nicaragua. From a land burning with the struggle against U.S. imperialism, Comrade Luis Carrion Cruz said on behalf of the Nicaraguan revolutionaries:

[Begin recording in Spanish fading into superimposed translation] I would like to send to you, comrades--simple and heroic members of Ho Chi Minh's legendary party--the close embraces imbued with sentiments and solidarity of the combatants of the Sandinist National Liberation Front who are day after day fighting, making sacrifices, and winning victories for their homeland and for life and freedom. To us, the guerrillas and clandestine combatants of the Sandinist people, the historical epics of the indomitable Vietnamese people's struggle against French colonialism, Japan, and the powerful military machine of U.S. imperialism have served as a constant source of inspiration, an example, and the eternal confirmation that the people's strength is greater than all the weapons of the world.

Even before we had the opportunity to meet the first Vietnamese, you were already our close brothers. The thoughts and undertaking of Uncle Ho and his party constitute an asset of all revolutionaries in the world. Our struggle, as well as that of all nations currently oppressed by imperialism and colonialism, old and new, has become much stronger, and the final victory of this struggle is drawing nearer than ever before, since dealing U.S. imperialism the heaviest ever defeat in its history.



Dear comrades, we thank you for the sacrifices, the ironclad conviction of victory, and the intelligence and creativity of the Vietnamese people. We wish to thank President Ho Chi Minh, Comrade Le Duan, and countless other distinguished revolutionary leaders of yours. [end recording]

The greetings by this revolutionary comrade from a distant land in America were frequently interrupted by prolonged bursts of enthusiastic applause from the delegates. Comrade Luis Carrion Cruz said: In Nicaragua, some 3 million people of both sexes are prepared to offer their last drop of blood; for like Vietnam, Nicaragua believes that nothing is dearer than independence and freedom.

He also affirmed that if the imperialists dare invade Nicaragua, they should know right now that Nicaragua will become a Vietnam in Central America. He presented to the Sixth CPV Congress a steel fragment from a U.S. aircraft shot down recently by combatants of the Sandinist People's Army, considering this a symbol of militant fraternity and an identity of ideals.

The greetings from the delegation of the Sandinist National Liberation Front of Nicaragua was followed by the greetings from Comrade Alvaro Cunhal, general secretary of the Portuguese Communist Party, who reserved fine sentiments for the heroic struggle of the Vietnamese people and the Vietnamese people for national defense. He praised the intensive efforts of the Vietnamese people in national construction as well as in the defense of world peace.

The greetings by Comrade Jorge Shafik Handal, general secretary of the Salvadoran Communist Party and head of the delegation of the Farabundo Martí National Liberation Front of El Salvador, also received enthusiastic applause when he talked in fine words about Vietnam, the CPV, President Ho Chi Minh, and about the friendship between the two peoples of Vietnam and El Salvador. He said:

[Beginning recording in Spanish fading into superimposed translation] To the Salvadoran revolutionaries, Vietnam stands for the indestructible will to triumph in the face of the strength of any oppressive enemy. Vietnam symbolizes the armed exploit that all nations can achieve when they are led by a truly revolutionary vanguard unit that is determined, militant, and talented like the party of President Ho Chi Minh. The CPV has demonstrated in every stage of its history the ability to unite and rally the entire people in the struggle, win international support, isolate the enemy, and obtain all successes.

Though Vietnam and El Salvador are located very far apart geographically, the revolutionary armed exploits recorded by you captured the hearts of our people during the days when Vietnam was still fighting. Today, in our struggle, we have come to understand more profoundly the great value of your experience. The comrades of the Farabundo Martí National Liberation Front Command have entrusted me with the responsibility of conveying to you the gratitude of the combatants and all the people of El Salvador because you have set an example in unity.



Revolution or death, we will win. [end recording]

The greetings read next by Comrade Maxim Gremetz, Political Bureau member and Central Committee secretary of the French Communist Party, opened with moving words when he talked about the close relations between the two communist parties of France and Vietnam. He said: [Begin recording in French fading into Vietnamese translation] The relationship binding the two communist parties of France and Vietnam has long existed and is of a very special quality. It originates from the 1920 Tour Congress marking the birth of our party that was attended by President Ho Chi Minh. It has been woven in the united struggle against French colonialism and then against the U.S. aggressors. Today, this relationship continues to remain profound and imbued with fraternity while you are striving to build a totally humanitarian society wherein lie prosperity, social progress, freedom, and peace; are are struggling to build socialism. [end recording]

Comrade Maxim Gremetz also spoke of the struggle of the communists and progressive people of France against the arms race and for disarmament. According to the comrade, it is the ideal of all communists to have a world free from weapons and from war.

Following the greetings of Comrade Maxim Gremetz was the greetings of Comrade Horomi Murakami, vice chairman of the Presidium of the Japanese Communist Party [JCP] Central Committee. The comrade said: The relationship between the JCP and the CPV developed vigorously during the struggle against the U.S. imperialists' war of aggression against Vietnam and this development was part of efforts to set up a unified international front against imperialism. In the new situation that followed this development, our two parties again continued to develop the relations of friendship and solidarity on the basis of the principles of independence, equality, and noninterference in each other's internal affairs. The talks between the JCP delegation led by Chairman Tetsuzo Fuwa and the CPV delegation led by Comrade General Secretary Le Duan in Hanoi in September 1984 constituted an important event, the purpose of which was to develop the friendship, solidarity, and mutual understanding between our two parties as they share the same aspirations for achieving peace and progress in the world as well as peace and stability in Southeast Asia.

The greetings of female Comrade Ellen Weber, vice chairman of the Communist Party of Germany, began with the recollection of memory about the many street demonstrations staged by the FRG people against the U.S. war of aggression against Vietnam. The comrade said that the many heroic struggles of Vietnam have served as a departure point and also as a catalyst for many youths in your country to become communists. The comrade said:

[Begin recording in German fading into superimposed translation] I will never forget the shouting of support by thousands of demonstrators for your people's great hero Comrade Ho Chi Minh. Ho... Ho... Ho Chi Minh is the name that is a symbol of freedom and of the struggle against the policy of war, against imperialism, and against domination.

Dear comrades: You have enjoyed the solidarity from various areas throughout the world and today, you, the Vietnamese Communists, are standing side by side with those people struggling in El Salvador and Chile as well as by the side of the South African, Namibian, and Palestinian peoples. We all know that unity is always our most powerful weapon. Unity makes victory possible. [End recording]

The greetings of female Comrade Ellen Weber were followed by those of Comrade N. Rajasekhara Reddi, secretary of the National Committee of the Communist Party of India (CPI), of Comrade Ignio Armiemma, member of the Communist Party of Italy Central Committee, of Comrade Harkishan Singh Surjeet, member of the Political Bureau of the Communist Party of India-Marxist, that of Comrade (Horabe Montes), deputy general secretary of the Chilean Communist Party, that of Comrade Haider Masoud, secretary of the Central Committee of the People's Democratic Party of Afghanistan, and that of Mr (Singh), a senator and head of the delegation of the National Congress Party-India.

Their greetings conveyed warm regards to the Vietnamese Communists and people who have been devoting their talents and energy to overcoming all difficulties in order to score achievements in national construction and defense as well as in the struggle for peace, national independence, democracy and socialism.

Their greetings expressed lofty sentiments for the Vietnamese Communist Party, the Vietnamese people, and President Ho Chi Minh. The following greetings expressed by Mr Singh, head of the National Congress Party-India, are typical. He said:

[Begin recording in Hindi fading into Vietnamese translation] We have come here from the land of Buddha and Mahatma Gandhi, who led the crusades for mankind and peace.

Dear comrades, coming to this congress, I am moved to recall President Ho Chi Minh, who was not only your leader, but was the man who initiated the struggles for freedom in the colonized world. In the Anti-Imperialist League under the leadership of Nehru, India's first prime minister, President Ho Chi Minh work with Nehru. He associated the lofty and beautiful ideals of liberating the laboring people with moral and ethical concepts. He was the Marxist Gandhi.

We still remember his visit to India as a president of a fighting Vietnam. I express my respect for him and for tens of thousands of heroic sons of the Vietnamese people who have sacrificed themselves for the struggle for freedom and national unification. Your struggle against the most powerful military force that the world has seen will go down in human history as a brilliant example of human desire to be free from the yoke of slavery. You have fought and chased them away from your country.

Senator Singh's greetings also pointed out the threat of the danger of a nuclear war caused by the imperialist and reactionary forces. He said that

with regard to the issues of nuclear weapons and the militarization of space, the stand of the nonaligned countries is very close to the Soviet stand. This fact is fully proved by the talks between CPSU General Secretary Brezhnev and Prime Minister Gandhi in New Delhi. [End recording]

Friends, it can be said that in this afternoon's session of the Sixth CPV Congress, the delegates received very warm and profound international sentiments from our comrades and friends from all over the world. We consider this a source of great encouragement for Vietnam's revolutionary cause in the new stage.

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CSO: 4209/195

## HCM MEETING WELCOMES 6TH CONGRESS SUCCESS

BK231012 Hanoi Domestic Service in Vietnamese 1100 GMT 21 Dec 86

[Text] This morning, 21 December, the party organization, the people's committee, the VFF committee, and the military command of Ho Chi Minh City held a solemn meeting to welcome the success of the Sixth National Party Congress and to commemorate the 40th national resistance day and the 42d VPA founding anniversary.

Attending the solemn meeting were Comrades Vo Tran Chi, member of the party Central Committee and secretary of the city party committee; Le Van Kiet, party Central Committee member and vice chairman of the city people's committee; Nguyen Ho, chairman of the city VFF committee, and more than 5,000 cadres and party members, old revolutionaries, and the city people of all strata.

After returning from the sixth party congress, the city delegation also attended the meeting. Also on hand were the representatives of the fraternal socialist countries' general consulates. At 0730 sharp, Comrade Le Van Kiet, on behalf of the city's party organization and people, delivered an opening speech. Then, Comrade Vo Tran Chi, party Central Committee member, secretary of the city party committee, and head of the city's delegation to the Sixth National Party Congress, reported on the results of the party congress.

He asserted that the party congress resolutions would decide the development of all domains, first of all, the economic sector. On this basis, a steady step will be made into the tasks of construction and national defense. As regards the measures to implement the congress resolutions, Comrade Vo Tran Chi said: What is most important now is to understand thoroughly and organize the implementation of the sixth party congress resolutions in close connection with the implementation of the fourth city party organization congress resolution.

By all means, we must let the people know, debate, work, and control, in the course of implementing the party congress resolutions. Despite many difficulties, our city has much potential and many favorable conditions for participating in the successful implementation of the three major national programs.

Following Comrade Vo Tran Chi's statement, Miss Nguyen Thi Bich Thuy, a labor heroine and a worker of the Hoc Mon rubber enterprise, warmly welcomed the success of the party congress and expressed her conviction that under the leadership of the new party Central Committee all our party members and people would overcome the present difficulties and advance toward new victories.

After the meeting, 2,000 athletes of the 1st precinct and large numbers of the city people staged a parade to the 1st precinct cultural house to begin a national defense sports contest to welcome the success of the Sixth National Party Congress.

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CSO: 4209/195

## VETERAN HANOI CADRES WELCOME PARTY CONGRESS SUCCESS

BK231330 Hanoi Domestic Service in Vietnamese 2300 GMT 21 Dec 86

[Text] In the atmosphere of elation over the success of the Sixth Party Congress, on the morning of 21 December the party committee, the people's committee, and the VFF committee of Hanoi Municipality held a cordial get-together for more than 200 cadres who had fought and worked during the first days of the resistance struggle in Hanoi 40 years ago.

The participants took turn to express their views. They recalled the 60 days of fighting against the enemy, and gave many valuable lessons on upholding patriotism in the struggle against aggressors, and developing and firmly protecting the revolutionary gains for which countless combatants, cadres, and people of our country shed their blood and suffered sacrifices since the August Revolution and even from the very first days of national resistance.

Speaking at the cordial get-together, Comrade Nguyen Thanh Binh, party Central Committee Political Bureau member and secretary of the Hanoi party committee, warmly welcomed the cadres and combatants and expressed the gratitude of the city's party committee, people's committee, and people to the cadres and combatants who had fought during the first days of national resistance. He said:

Forty years have elapsed and in various positions you comrades have made considerable contributions. You have not only developed the fine traditions of the revolution, / combatants who died for the survival of the country, but also glorified the history of the national struggle against foreign aggressors. He also called on the cadres and combatants and the people in the capital to thoroughly understand the spirit of the Sixth National Party Congress, renovate their economic thinking, strengthen solidarity, uphold the spirit of indomitableness of the first resistance days, strenuously overcome difficulties, and satisfactorily resolve the two major problems of employment and livelihood of the people in the capital.

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CSO: 4209/195

## HAIPHONG MEETING WELCOMES PARTY CONGRESS SUCCESS

BK231608 Hanoi Domestic Service in Vietnamese 0500 GMT 20 Dec 86

[Text] On the afternoon of 19 December at the municipal theater, the party committee, the people's committee, the VFF committee, and the Vietnamese-Czechoslovak Friendship Association held a solemn meeting to welcome the success of the Sixth National Party Congress, the visiting Czechoslovak Communist Party delegation to the sixth congress of our party, and the delegation of the party organization and administration of the Morava region of Czechoslovakia which came to visit and pledge to be a twin province of Haiphong.

The municipal party committee secretary, the city people's committee chairman, the leaders of the VFF committee and Vietnamese-Czechoslovak Friendship Association, and large numbers of the delegates of the city people of all strata attended the meeting. Also attending the meeting were Comrade Josef Kempny, member of the CZCP Central Committee Presidium, and other comrades of his delegation.

Comrade (Le Van Phuong) and Comrade Vaclavik, party Central Committee member and first secretary of the Morava region party committee, made statements pointing out the great successes of the Sixth Party Congress and praising the relations of friendship and militant solidarity between the two parties and the two peoples of fraternal Vietnam and Czechoslovakia.

Comrade (Le Van Phuong) clearly pointed out the tasks of the party organization and people of the city which are aimed at implementing the three economic target programs for the production of grain and food products, consumer goods, and export goods and, at the same time, stabilizing and caring for the livelihood of the working class, and the laboring people in the city. He clearly voiced the determination of the city party organization and people to successfully implement the Sixth Party Congress resolution.

On behalf of the city party organization and people, Comrade (Le Van Phuong) expressed the profound gratitude to the party, government, and fraternal people of Czechoslovakia. The party organization and people of the twin Morava region have assisted and are assisting effectively the Vietnamese people, and the people of Haiphong in particular, in their cause of building and defending the socialist fatherland.

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## COUNCIL OF MINISTERS MEETS ON FLOOD DISASTER

OW221323 Hanoi Domestic Service in Vietnamese 1430 GMT 17 Dec 86

[Text] The Council of Ministers recently convened a meeting of various ministries and services concerned to discuss urgent measures to help Nghia Binh, Phu Khanh, Thuan Hai, Quang Nam-Danang, and Gia Lai-Cong Tum Provinces overcome the aftermath of floods that occurred on 3 and 4 December 1986.

The flood water level in all rivers from Quang Nam-Danang down through northern Thuan Hai was above alarm-level 3, nearly equal to or above the highest level ever recorded in the history of floods, causing floods in almost all districts of Quang Nam-Danang, Nghai Binh, and Phu Khanh Provinces and in four districts and cities in northern Thuan Hai.

The outbreak of flooding took place at night at the end of the flood season, causing serious losses in human lives and public wealth and damaging crops, water conservancy works, and communications lines in particular. Hardest hit were Nghia Binh and Phu Khanh Provinces. There were 165 deaths and many injured. Tens of thousands of homes, including brick houses, hundreds of schoolrooms and child-care centers, and more than 100 warehouses of collective and state installations collapsed or were swept away. Tens of thousands of hectares of rice and subsidiary and industrial crops, including 28,000 hectares of ripened 10th-month rice, were ravaged. Thousands of buffaloes, oxen, and hogs were killed. More than 3,150 hectares of cultivated land were submerged by the sand with a thickness reaching 1 meter in some areas. Many sections of roads and dikes and hundreds of irrigative works were wrecked.

During the floods, localities promptly guided various installations in providing relief to victims, overcoming the aftermath of floods, organizing environmental sanitation work, taking preventive measures against epidemics for humans and domestic animals, and restoring irrigation works and communications lines. The entire network of flood control dikes has been so far rebuilt temporarily to prevent ricefields from being flooded with sea water. Ditches and canals in many areas have been excavated to bring water into paddies for winter-spring rice cultivation.

The ministries of agriculture, water conservancy, communications and transportation, finance, the interior, supply, and public health have sent leading

cadres to flood-hit localities to discuss measures to overcome the aftermath of floods and to supply seeds, materials, and funds in order to boost production.

The Council of Ministers has urged various sectors and localities to concentrate on properly carrying out relief operations; repairing schoolrooms, health station, and houses; and restoring water conservancy works in support of winter-spring crop production to make up for the lost 10th-month rice crop and to greet the success of the Sixth CPV Congress practically.

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CS0: 4209/195

## RADIO REPORTS AGRICULTURAL PRODUCTION ACTIVITIES

SK120726 Hanoi Domestic Service in Vietnamese 1100 GMT 10 Dec 86

[Text] To date, the North has completed harvesting 10th-month rice on the entire area, with some provinces attaining a rice yield that is nearly as much as planned, while the South has harvested more than 311,000 hectares, representing 83 percent of the amount harvested in the same period last year.

As for winter-spring subsidiary grain crops, vegetables, beans, and short-term industrial crops, the entire country has planted 515,000 hectares with subsidiary grain crops accounting for 295,000 hectares, an increase of nearly 13,000 hectares over the same period last year; vegetables and beans 63,300 hectares, an increase of 6,000 hectares; and short-term industrial crops 16,000 hectares, an increase of 5,000 hectares. Cooperatives in the north are now intensively caring for winter-spring crops.

To date, the entire country has plowed more than 1 million hectares of land in preparation for the cultivation of winter-spring crops, an increase of 25 percent compared with the same period last year, with the North accounting for 578,000 hectares, an increase of 53 percent over 1985, the South 474,000 hectares, an increase of 3 percent.

The northern provinces have sown 90,000 hectares of early and main winter rice seedlings. Thanks to favorable weather conditions, these rice seedlings are developing satisfactorily in all localities. The northern provinces have also grown nearly 1,000 hectares of azolla for the intensive cultivation of 5th month-spring rice.

The South has planted 262,000 hectares of winter-spring rice, an increase of 26 percent over the same period last year, with Long An, Tien Giang, Cuu Long, and Kien Giang Provinces taking the lead in the cultivation of this rice. The southern provinces and cities are mobilizing laborers and draft power to quickly carry out soil preparation for the cultivation of winter-spring rice on schedule and on the entire area.

The recent tropical depression has spawned heavy rains from Quang Nam-Danang to Thuan Hai, submerging many houses and ricefields, damaging a number of communications and water conservancy projects, and causing more than 50,000 hectares of 10th-month rice and winter-spring in three provinces to overcome the aftermath of rains and flash floods along with quickly harvesting 10th-month rice and stepping up the winter-spring crop production.

The Ministry of Agriculture urges all localities to satisfactorily carry out the following main tasks in the next 10 days:

Pay attention to caring for and protecting 5th month-spring rice seedlings against cold weather. Adopt measures to draw water into the ricefields to prevent early-sown rice seedlings from being affected by possible warm weather. Accelerate the pace of soil preparation and dredge irrigation canals in preparation for the dry-land cultivation of spring rice early in January. Adopt effective measures to actively protect buffalo, cattle, domestic animals, and poultry against cold.

The southern provinces should harvest early 10th-month rice quickly, protect late 10th-month rice, and accelerate the cultivation of winter-spring rice.

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**DATE FILMED**

5 FEB. 1987

